# JAPAN'S PACIFIC POLICY

K. K. KAWAKAMI

193

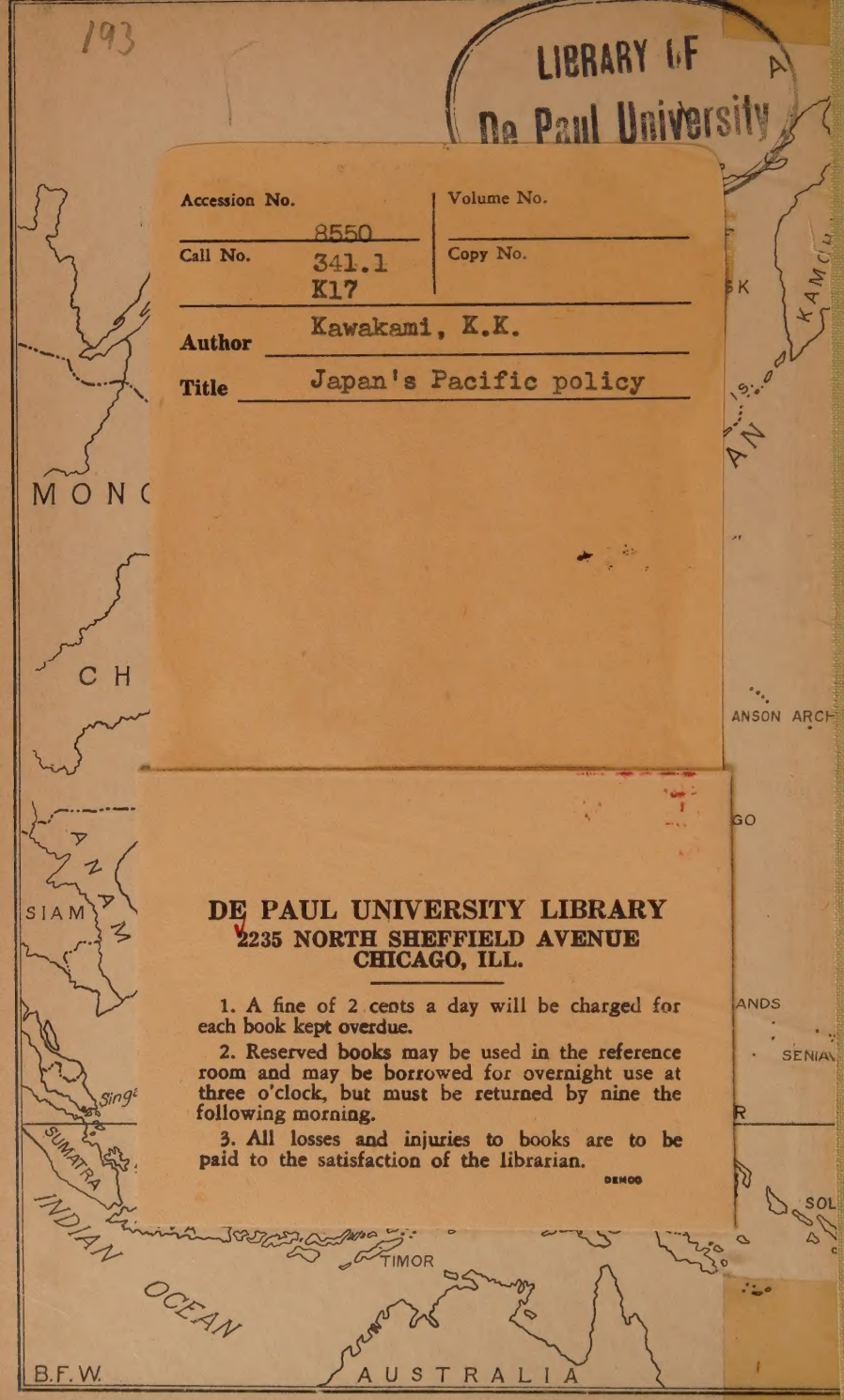
LIBRARY OF
De Paul University

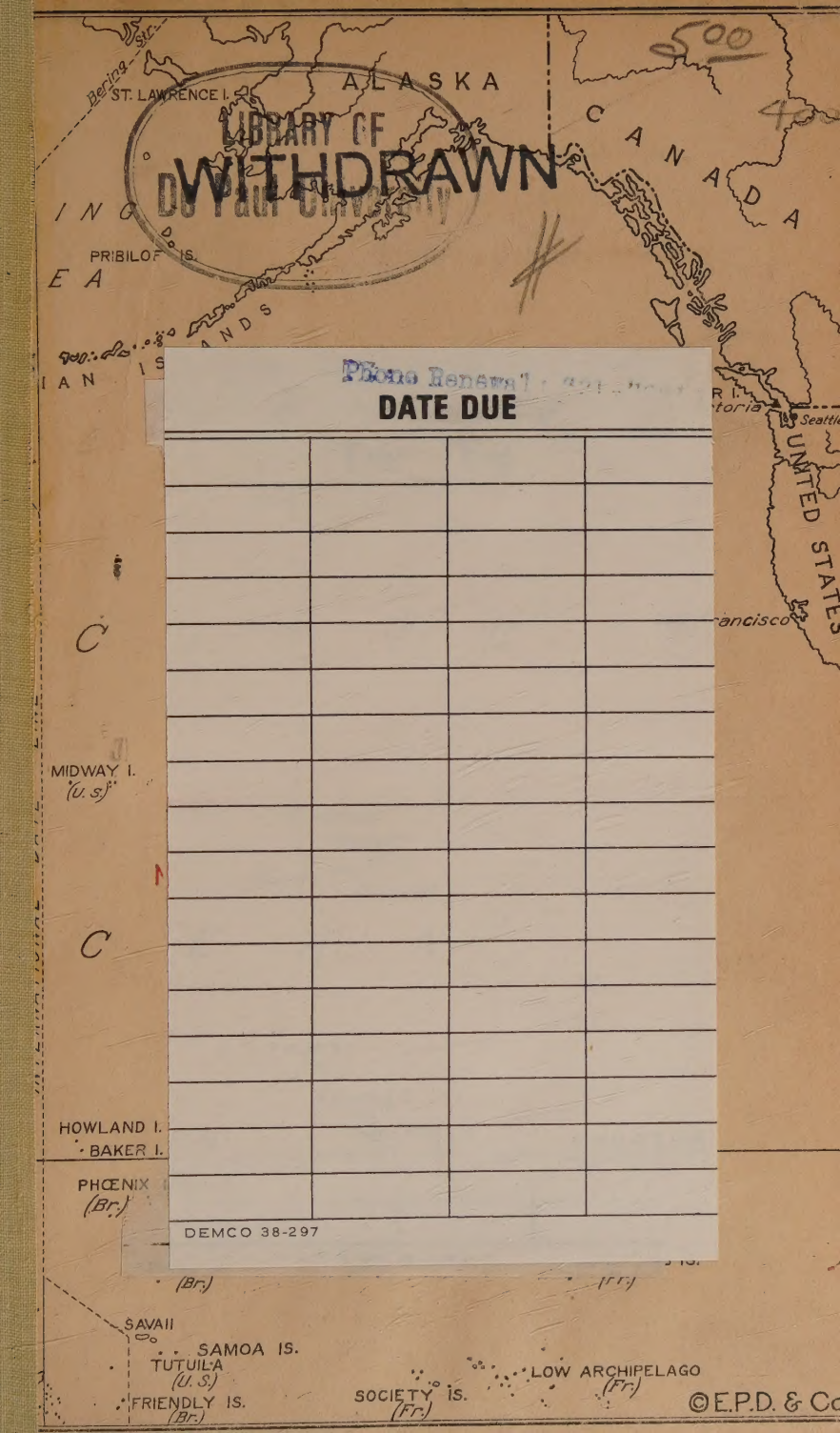
Accession No. 8550
Volume No.
Call No. 341.1 K17
Copy No.
Author Kawakami, K.K.
Title Japan's Pacific policy

DE PAUL UNIVERSITY LIBRARY
2235 NORTH SHEFFIELD AVENUE
CHICAGO, ILL.

1. A fine of 2 cents a day will be charged for each book kept overdue.
2. Reserved books may be used in the reference room and may be borrowed for overnight use at three o'clock, but must be returned by nine the following morning.
3. All losses and injuries to books are to be paid to the satisfaction of the librarian.

DEMCO






LIBRARY OF
WITHDRAWN

DATE DUE

| | | | |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

DEMCO 38-297

LIBRARY OF
De Paul University

# JAPAN'S PACIFIC POLICY

# JAPAN'S PACIFIC POLICY

## ESPECIALLY IN RELATION TO CHINA, THE FAR EAST, AND THE WASHINGTON CONFERENCE

BY

K. K. KAWAKAMI

AUTHOR OF "THE REAL JAPANESE QUESTION," "JAPAN AND WORLD PEACE," ETC.

8550

NEW YORK

E. P. DUTTON & COMPANY

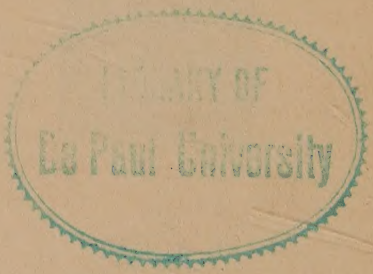
681 FIFTH AVENUE

De Paul University

341.1
K17 8550

Copyright, 1922,
By E. P. Dutton & Company

*All Rights Reserved*




PRINTED IN THE UNITED
STATES OF AMERICA

# PREFACE

JAPAN has gone home from the Washington Conference on probation. Although she made a fairly good impression at the Conference, that impression is, as I see it, neither profound nor durable. What America and Europe will really think of her will depend upon what she does in China and Siberia in the coming few years.

If Japan withdraws her troops from Siberia without delay—if she conforms to the spirit of the policy adopted by the Conference with regard to China—if she proves herself more far-sighted and generous in dealing with her neighbors, the good impression she has made at Washington will not only endure but will grow better. Let her, in addition, reduce her army and curb the power of her militarists without awaiting an international agreement on land armament, and the world's estimate of her statesmanship and good sense will become immeasurably higher. If, on the other hand, Japan clings to old ideas and practices in dealing with Siberia and China, what success she has achieved at Washington will be immediately set at naught.

In saying this, I am advancing no opinion that Japan is the sole, or even chief, sinner among the Powers. So far from it, I am prepared to assert that her diplomatic history is bright enough when compared with the dark leaves recording the international dealings of some Western Powers. Indeed, Japan could have made herself an *enfant terrible* at the Washington

Conference, had the Occidental Powers shown proclivities to make sport of her foreign policy and attempted to pursue her relentlessly in Siberia or China. Would it not have been somewhat embarrassing to the United States, had Japan proposed, for instance, that an international conference be convened at Tokyo to discuss Near Western and Caribbean Problems, the agenda of which might include such matters as foreign troops in Haiti and Porto Rico, the territorial and administrative integrity of the West Indies, and the open door and equal opportunity in Mexico? As for the European Powers, their books of diplomacy are replete with stories in the face of which Japan's acts on the Asian continent need no apology.

And what of China? It may be safely said that the Washington Conference has definitely put an end to an age of international freebooting in that country, and that she need no longer be haunted with fear of dismemberment. Nevertheless, she faces a new danger—the danger of an international concert for the supervision of her administration and finances. Some of the utterances made and the resolutions adopted at the Conference furnish an unmistakable warning, which China must heed if she is to avoid the approaching danger. In the chapters on China, I have tried to describe some of the grave internal problems which she must, in justice to herself as well as to the Powers, make honest efforts to solve. I have pointed out that the real menace to China lies within rather than without.

Many of the following chapters were originally written for the *New York Herald* Syndicate, while some were published in the *Baltimore Sun*. Acknowledgment is due to the publishers and editors of the *Herald* and of the *Sun* for permission to use them in

this book. Of course, those articles have been thoroughly revised, and in some cases almost rewritten, so as not only to bring them up to date, but also to make them suitable to the scope and nature of the present volume.

It is a great pleasure for me to acknowledge my indebtedness to Mr. D. S. Richardson, loyal friend and honest critic, who has read the manuscript and criticised it from what I believe to be the real American point of view.

K. K. KAWAKAMI.

New York, April, 1922.

# CONTENTS

## PART I. NAVAL ARMAMENT


| CHAPTER | | PAGE |
|---|---|---|
| I. | A Great Beginning | 3 |
| II. | Japan Delays Decision | 11 |
| III. | A Grain of Common Sense | 17 |
| IV. | Japan Gives Up the Ratio Fight | 24 |
| V. | Hughes Agrees | 28 |
| VI. | The "Fortifications for Peace" | 35 |


## PART II. THE PACIFIC TREATY


| | | |
|---|---|---|
| VII. | The Parting of the Ways | 43 |
| VIII. | A New Alignment | 47 |
| IX. | Britain Thinks | 51 |
| X. | Japan Decides | 56 |
| XI. | The New Treaty | 59 |
| XII. | The Aftermath | 66 |


## PART III. THE RIDDLE OF CHINA


| | | |
|---|---|---|
| XIII. | China's "Bill of Rights" | 73 |
| XIV. | China at Home and at Washington | 81 |
| XV. | China's Chaotic Finances | 85 |
| XVI. | The Tariff and *Likin* | 91 |
| XVII. | The Stigma of Extraterritoriality | 97 |

CHAPTER PAGE

XVIII. China Divided . . . . . 103
XIX. Japan's Attitude . . . . . 107
XX. Quo Vadis . . . . . 114
XXI. Solving the Riddle . . . . . 119

PART IV. THE NEW OPEN DOOR

XXII. The Spheres of Influence . . . 131
XXIII. The Hay Doctrine . . . . . 138
XXIV. The Hughes-Root Doctrine . . . 145
XXV. Japan's "Special Interests" . . . 156
XXVI. Japan in Manchuria . . . . . 166
XXVII. The Twenty-one Demands . . . 174

PART V. THE SHANTUNG DISPUTE

XXVIII. Shantung Comes to Washington . 191
XXIX. China Meets Japan . . . . . 196
XXX. The Railroad Blocks the Way . . 200
XXXI. Who Manage Railways for China? . 204
XXXII. Settled at Last! . . . . . 216

PART VI. JAPAN'S SIBERIAN VENTURE

XXXIII. "Let Her Buy Siberia!" . . . . 225
XXXIV. Chita "Arrives" . . . . . 234
XXXV. Shidehara Takes the Offensive . . 242
XXXVI. Japan's Discord with America . . . 249
XXXVII. The Irony of Fate . . . . . 257
XXXVIII. An International Trustee . . . 263

## APPENDICES

PAGE

I. AGENDA OF THE CONFERENCE . . . . . 273

II. SHANTUNG

A. Articles in the Versailles Treaty Transferring to Japan German Rights in Shantung 274

B. Japanese Memorandum to China Concerning Shantung, September 7, 1921 . . . . . 275

C. Treaty for the Settlement of Outstanding Questions Relative to Shantung, Signed at Washington, February 3, 1922 . . . . . 277

D. Understanding Recorded in the Minutes of Chino-Japanese Conversations . . . . . 287

III. THE TWENTY-ONE DEMANDS

A. Baron Shidehara's Statement before the Far Eastern Committee, February 2, 1922 . . 290

B. Mr. Wang's Statement before the Far Eastern Committee, February 3, 1922 . . . . . 293

C. Mr. Hughes' Statement before the Far Eastern Committee, February 3, 1922 . . 296

IV. THE OPEN DOOR

A. Root Resolution Adopted by the Far Eastern Committee, November 21, 1921 . . . . . 300

B. Hughes Resolution for Enforcing the Open Door, Adopted by the Far Eastern Committee, January 18, 1922 . . . . . 300

C. Root Resolution Preventing the Creation of Spheres of Influence, Adopted by the Far Eastern Committee, January 21, 1922 . . 301

D. Geddes Resolution Against Rate Discrimination on Chinese Railways, Adopted by the Far Eastern Committee, November 10, 1921 302

E. The Open Door Treaty Based upon the Foregoing Four Resolutions, Signed February 6, 1922 . . . . . 302

PAGE

F. Resolution Adopted on February 4, 1922, and Attached to the Above Treaty, Relative to a Board of Reference in China . . . . . 306

G. Hughes Resolution for Listing China's Commitments, Adopted by the Conference, February 1, 1922 . . . . . 306

H. Baron Shidehara's Statement before the Far Eastern Committee, January 14, 1922 . . 308

I. Mr. Sze's Statement before the Far Eastern Committee, February 2, 1922 . . . . 309

V. The Customs Tariff of China

A. Mr. Koo's Statement before the Far Eastern Committee, November 23, 1921, as Summarized in the Official Communique . . . . 311

B. Nine-Power Treaty, Signed February 6, 1922 313

VI. Extraterritoriality in China

A. Mr. Wang's Statement before the Far Eastern Committee, November 25, 1921 . . . 318

B. Resolution Adopted by the Conference, December 10, 1921 . . . . . 321

VII. Leased Territories in China

A. Mr. Koo's Statement before the Far Eastern Committee, December 3, 1921, as Summarized in the Official Communique . . . 324

B. Mr. Hanihara's Statement before the Far Eastern Committee, December 3, 1921 . . 326

C. Mr. Balfour's Statement before the Far Eastern Committee, December 3, 1921, as Summarized in the Official Communique . . . 327

VIII. Foreign Troops in China

A. Mr. Sze's Statement before the Far Eastern Committee, November 28, 1921 . . . . 330

B. Mr. Hanihara's Statement before the Far Eastern Committee, November 29, 1921 . 332

C. Resolution Adopted by the Conference, February 1, 1922 . . . . . 336

PAGE

IX. Foreign Post Offices in China

A. Mr. Sze's Statement before the Far Eastern Committee, November 25, 1921 . . . 338
B. Resolution Adopted by the Conference, February 1, 1922 . . . . . 343
C. Japan's Letter Accepting the Above Resolution . . . . . 344

X. Foreign Radio Stations in China

A. Resolution Adopted by the Far Eastern Committee, December 7, 1921, and by the Conference, February 1, 1922 . . . . . 345
B. Declaration Concerning the Resolution on Radio Stations in China of December 7, 1921 346
C. Chinese Declaration on the Above Resolution 347

XI. Treaties on China Concluded Without Her Knowledge

A. Mr. Koo's Statement before the Far Eastern Committee, December 8, 1921, as Summarized in the Official Communique . . . 348
B. Mr. Balfour's Observations at the Same Meeting . . . . . 349
C. Mr. Hughes' Statement at the Same Meeting 350
D. Resolution Adopted . . . . . 351

XII. Chinese Railways

A. Hughes Resolution for the Unification of the Chinese Railways, Adopted by the Conference, February 1, 1922 . . . . . 352
B. Chinese Delegation's Statement Concerning the Hughes Resolution before the Far Eastern Committee, November 19, 1921 . . . 352
C. Resolutions on Chinese Eastern Railway . . 353

XIII. SIBERIA PAGE

A. Baron Shidehara's Statement before the Far Eastern Committee, January 23, 1922 . . 354

B. Mr. Hughes' Statement before the Far Eastern Committee, January 24, 1922 . . . 359

XIV. BARON SHIDEHARA'S STATEMENT, DEFINING JAPAN'S ATTITUDE TOWARDS CHINA, AT THE FINAL PLENARY SESSION, FEBRUARY 4, 1922 . 365

XV. THE YAP TREATY, SIGNED FEBRUARY 11, 1922 368

# JAPAN'S PACIFIC POLICY

# *PART I*

# NAVAL ARMAMENT

# JAPAN'S PACIFIC POLICY

## PART I

## NAVAL ARMAMENT

---

### CHAPTER I

### A GREAT BEGINNING

*Washington, November 12 1921:* A great beginning has been made for the lasting peace of the world. Mr. Hughes, the American Secretary of State, at the very first sitting of the Conference on the Limitation of Armament this morning, laid down a concrete plan for the reduction of naval armament. The proposal calls for the scrapping of thirty ships by the United States, twenty-three ships by Great Britain, and seventeen ships by Japan.

The foreign delegations, before entering the conference hall, had expected that today's session would be confined to the exchange of diplomatic formalities. Few thought that any business would be transacted. Certainly none anticipated such a sweeping, definite, clear-cut proposal as was put forth by Secretary Hughes.

Dramatic is too prosaic a word to describe the scene of the Conference this morning. As Mr. Hughes unfolded his naval program, the whole audience seemed electrified. Delegates from foreign countries fixed their

eyes upon the Secretary of State as if they were bewildered by his audacity. Spectators in the galleries leaned forward, eager to catch every word that fell from the lips of the speaker. When the American spokesman finished his introductory remarks and entered upon the statement of a practical program, he was greeted with an outburst of applause. From that time until the close of his address, peals of applause alternated with a scene of tense attention in which one could hear a pin drop.

And yet the speaker himself made no effort for dramatic effect. His statement was logical, businesslike, free from any exhibition of oratory. Was this due to his long experience as a lawyer, or because he is a really great man who scorns the dramatic and refuses to play to the gallery?

Unexpected as was the presentation of the American naval plan at the first session of the Conference, it is not after all surprising that America should take this course, because unless the American Government took the initiative and proved its sincerity to the world, the Conference would not be a success.

This afternoon I interviewed a number of Japanese here, both official and non-official. Some of the naval men said that they were not astonished by the degree of naval retrenchment suggested by Mr. Hughes, for they were themselves prepared to make due sacrifices. As a Japanese well versed in naval affairs said to me, "The American suggestion goes a little further than we had expected, but the discrepancy between it and our idea, though material, is not very great."

Although it may take Admiral Kato's staff of experts a week or ten days to examine the American proposal from all angles and arrive at a definite conclusion, I feel certain that the Japanese delegation will not disappoint

the American Government or people. This conclusion must be right if the sympathetic atmosphere pervading the Japanese headquarters here does not deceive us.

This does not mean that the Japanese critics are in entire accord with every detail of the American proposal. If one looks at it critically, he can undoubtedly find points on which opinions may differ.

In the first place, the basis of estimation for the tonnage of ships to be scrapped is not the same for England and Japan. In the case of England four new Hoods, which are not yet laid down and for which only some $2,500,000 has been appropriated, are included in the total tonnage which the Hughes plan calls upon England to scrap.

In the case of Japan two battleships, *Owari* and *Kii*, upon which Japan has already expended $15,000,000, are not included in the total tonnage to be scrapped. If we include them, as in the case of England, relative sacrifices for the three countries will be approximately as follows: America, 845,740 tons; England, 583,375 tons; Japan, 535,928 tons.

Again, the naval armament of Japan and the United States should not be considered independently of the fortifications and naval bases in the Pacific. Suppose that Japan possessed a couple of islands 1300 knots from the Pacific Coast of America, established magnificent naval bases there, and fortified them on a great scale. Would not American naval experts regard them as a grave menace, and build or maintain ships accordingly?

No naval critic can ignore the fact that the Philippines are 1318 knots and Guam 1360 knots from Japan, and that on both islands America has splendid potential naval bases, to guard which magnificent fortifications are to be erected.

In the third place (and this is most important), modern war is a war of resources rather than of soldiers and guns. A nation with unlimited resources, both in money and in raw materials, may scrap half a million tons of warships today, and embark upon a gigantic building scheme tomorrow, if a sudden change of international relations requires it.

On the other hand a nation, financially poor and destitute of raw materials, will find it extremely difficult, almost impossible, to replenish its fleet to meet unforeseen situations that may develop after it had scrapped many of its ships. And Japan is exactly in that condition.

Let us consider Japan's iron supply. Her output of ores, including that of Korea, amounts to only some 324,000 tons, equivalent to about 160,000 tons in pig iron. As against this small output Japan consumes something like 1,300,000 tons of steel and pig iron.

The late War demonstrated the great danger to Japan's shipbuilding industry in relying upon such an inadequate iron supply. Before the war the deficiency was partly supplied by steel imported from England and Belgium. When the war cut off this source of supply Japan turned to the United States for relief. For three years—from the fall of 1914 and to the summer of 1917—Japan's shipyards and iron works were enabled to work almost entirely with material furnished by steel mills in America. But in July, 1917, the United States, too, declared an embargo upon steel, and the activities of Japanese shipyards and iron works came suddenly to a halt. At that moment Japan had 300,000 tons of merchant ships in course of construction at various yards. The American embargo virtually stopped work on all such ships.

That experience intensified Japan's national desire,

long uppermost in the minds of her industrial leaders, for the independence of her steel industry from foreign mills. That desire soon became a national slogan. And yet how is Japan to translate that slogan into a reality? She has but scant supply of ores at home. What she is at present getting from China and Manchuria is far from commensurate with her needs. Equally deplorable is the shortage of coking coal, without which the steel industry is impossible. Japan produces practically no coal that is suitable for coking purposes. China is the country to which Japan must logically turn for such materials. Even after the suspension of naval building, Japan must needs make more satisfactory arrangements by which she may secure iron and coal in increasing quantities from China, for she will and must devote greater energies to the upbuilding of her merchant marine, her industries, and foreign trade such as will at least alleviate her predicament arising out of overpopulation and the lack of land.

## THE HUGHES PROGRAM

*Quoted from Mr. Hughes' address at the first plenary session of the Conference, November 12, 1921.*

In making the present proposal the United States is most solicitous to deal with the question upon an entirely reasonable and practicable basis to the end that the just interests of all shall be adequately guarded, and the national security and defense shall be maintained. Four general principles have been applied.

1. That all capital shipbuilding programs, either actual or projected, should be abandoned.

2. That further reduction should be made through the scrapping of certain of the older ships.

3. That, in general, regard should be had to the existing naval strength of the powers concerned.

4. That the capital ship tonnage should be used as the measurement of strength for navies, and a proportionate allowance of auxiliary combatant craft prescribed.

The principal features of the proposed agreement are as follows:

UNITED STATES

The United States is now completing its program of 1916 calling for ten new battleships and six battle cruisers. One battleship has been completed. The others are in various stages of construction; in some cases from 60 to over 80 per cent of the construction has been done. On these fifteen capital ships now being built over $330,000,000 have been spent. Still the United States is willing, in the interests of an immediate limitation of naval armament, to scrap all these ships.

The United States proposes if this plan is accepted:

1. To scrap all capital ships now under construction. This includes six battle cruisers and seven battleships on the ways and in the course of building, and two battleships launched.

The total number of new capital ships thus to be scrapped is fifteen. The total tonnage of the new capital ships when completed would be 618,000 tons.

2. To scrap all of the older battleships up to, but not including, the *Delaware* and *North Dakota*. The number of these old battleships to be scrapped is fifteen. Their total tonnage is 227,740 tons.

Thus the number of capital ships to be scrapped by the United States, if this plan is accepted, is thirty, with an aggregate tonnage (including that of ships in construction, if completed) of 845,740 tons.

GREAT BRITAIN

The plan contemplates that Great Britain and Japan shall take action which is fairly commensurate with this action on the part of the United States.

It is proposed that Great Britain:

1. Shall stop further construction of the four new Hoods, the new capital ships not laid down, but upon which money has been spent. The four ships, if completed, would have a tonnage displacement of 172,000 tons.

2. Shall, in addition, scrap her pre-dreadnoughts, second line battleships and first line battleships up to but not including the *King George V* class.

These, with certain pre-dreadnoughts which it is understood have already been scrapped, would amount to nineteen capital ships and a tonnage reduction of 411,375 tons.

The total tonnage of ships thus to be scrapped by Great Britain (including the tonnage of the four Hoods, if completed) would be 583,375 tons.

JAPAN

It is proposed that Japan:

1. Shall abandon her program of ships not yet laid down, viz., the *Kii, Owari,* No. 7 and No. 8 battleships, and Nos. 5, 6, 7 and 8, battle cruisers.

It should be observed that this does not involve the stopping of construction, as the construction of none of these ships has been begun.

2. Shall scrap three capital ships (the *Mutsu,* launched; the *Tosa;* the *Kaga,* in course of building), and four battle cruisers (the *Amagi* and *Akagi,* in course of building, and the *Atago* and *Takao,* not yet laid down, but for which certain material has been assembled).

The total number of new capital ships to be scrapped under this paragraph is seven. The total tonnage of these new capital ships when completed would be 289,130 tons.

3. Shall scrap all pre-dreadnoughts and battleships of the second line. This would include the scrapping of all ships up to, but not including, the *Setsu;* that is,

the scrapping of ten older ships, with a total tonnage of 159,828 tons.

The total reduction of tonnage on vessels existing, laid down or for which materials have been assembled (taking the tonnage of the new ships when completed) would be 448,928 tons.

### LIMIT FOR THREE NAVIES

Thus, under this plan, there would be immediately destroyed, of the navies of the three powers, sixty-six capital fighting ships, built and building, with a total tonnage of 1,878,043 tons.

It is proposed that it should be agreed by the United States, Great Britain and Japan that their navies, with respect to capital ships, within three months after the making the agreement, shall consist of certain ships, designated in the proposal, and numbering for the United States 18, for Great Britain 22, for Japan 10.

The tonnage of these ships would be as follows: Of the United States 500,650, of Great Britain 604,450, of Japan 299,700. In reaching this result the age factor in the case of the respective navies has received appropriate consideration.

## CHAPTER II

## JAPAN DELAYS DECISION

*Washington, November 24, 1921:* Each succeeding day dawns with the conviction growing among the Japanese delegates that the Conference is going to accomplish results in a comparatively short time. They have come prepared for a protracted session. Some of them thought they might have to stay here through the spring. Now they think the main business of the Conference will be finished within the year, and that they may be starting for home in the latter part of January. They are also confident that they will leave Washington in the friendliest feeling towards the American Government and people.

Ever since the opening of the Conference, the Japanese delegates have been deeply impressed with the systematic, businesslike, and withal straightforward manner in which Mr. Hughes has been conducting the meetings. They are absolutely convinced of the sincerity and earnestness of the American delegates and are glad to deal with them in like spirit.

And yet the Japanese delegation has allowed two weeks to pass without arriving at any decision on the Hughes proposal. The public is beginning to fret and look at Japan with a question mark. What did Admiral Baron Kato, the chief delegate of Japan, mean when he said he would accept the Hughes program in principle? The Admiral, at the session of November 14, made this statement endorsing the American proposal:

"Japan deeply appreciates the sincerity of purpose

evident in the plan of the American Government for the limitation of armaments. She is satisfied that the proposed plan will materially relieve the nations of wasteful expenditures and cannot fail to make for the peace of the world.

"She cannot remain unmoved by the high aims which have actuated the American project. Gladly accepting, therefore, the proposal in principle, Japan is ready to proceed with determination to a sweeping reduction in her naval armament.

"It will be universally admitted that a nation must be provided with such armaments as are essential to its security. This requirement must be fully weighed in the examination of the plan. With this requirement in view, certain modifications will be proposed with regard to the tonnage basis for replacement of the various classes of vessels. This subject should be referred to special consideration by naval experts. When such modifications are proposed, I know that the American and other delegations will consider them with the same desire to meet our ideas as we have to meet theirs.

"Japan has never claimed or had any intention of claiming to have a naval establishment equal in strength to that of either the United States or the British Empire. Her existing plan will show conclusively that she never had in view preparations for offensive war."

In saying that he accepted the Hughes plan in principle, Baron Kato meant that he endorsed the four fundamental principles laid down in the American program, namely:

1. That all capital shipbuilding programs, either actual or projected, should be abandoned.

2. That further reduction should be made through the scrapping of certain of the older ships.

3. That, in general, regard should be had to the existing naval strength of the powers concerned.

4. That the capital ship tonnage should be used as the measurement of strength for navies, and a proportionate allowance of auxiliary combatant craft prescribed.

Now as to the first, second, and fourth principles, there can be no argument. But the third principle calls for the definition of the "existing naval strength," which is to be the basis of calculation for the future naval strength of each of the nations participating in the Conference.

Yesterday afternoon the Japanese experts had a frank but friendly exchange of views with the American experts in Mr. Hughes' office at the State Department. What transpired behind the closed doors is known only to those present at the meeting. But it is surmised that the conversation was characterized by a spirit of accommodation on both sides. The Japanese asked for more information on certain aspects of the American proposal, more particularly the basis of calculation as to the existing relative naval strength of England, America, and Japan. They are of the opinion that if the allotment of ships for the coming ten years is to be based upon the present ratio, the existing relative strength of the three navies should be most carefully examined and defined.

Inquiries have revealed that the American estimate in this respect is not entirely accurate. Basing his judgment upon that estimate, Mr. Hughes seems to think that Japan's present naval strength is between 50 and 60 as against America's 100. Consequently his conclusion is that an allotment of 100 to America and 60 to Japan for the coming ten years, namely a ratio

of 5 to 3, does not disturb the *status quo* of the relative strength of the two navies.

The Japanese experts contend that the estimate upon which Mr. Hughes' conclusion is founded is erroneous. To support this contention, it is understood, they have submitted to Mr. Hughes and the American experts a brief but clear statement, which they are ready to back up with further information and explanation.

The substance of this statement is carefully guarded. In one of the Tokyo newspapers just to hand, I find the following table showing the existing strength of the American and Japanese navies as follows:

| | Japan Tonnage | United States Tonnage | Percentage for Japan |
|---|---|---|---|
| Existing capital ships..... | 533,000 | 728,000 | 73 |
| Existing post-dreadnought capital ships ..... | 361,000 | 532,000 | 68 |
| Existing post-super-dreadnought capital ships.... | 301,000 | 365,000 | 83 |
| Capital ships existing and under construction .... | 612,000 | 913,000 | 67 |
| Post-dreadnought capital ships existing and under construction ..... | 441,000 | 717,000 | 61 |
| Super-post-dreadnought capital ships existing and under construction .... | 381,000 | 549,000 | 70 |

As this table shows, there are six methods of estimating the existing strengths of the two navies. The percentage of the Japanese navy thus obtained ranges from 61 to 83. In the opinion of the Japanese experts the first classification, which allows 73 per cent to Japan, gives the most logical basis of estimation. But

taking the average of the six classifications, 70 per cent is adopted as the reasonable allotment for Japan.

The Japanese experts agree that if the Japanese navy is reduced, as proposed by Mr. Hughes, to 6 as against America's 10, Japan will be exposed to attack at the hands of a superior navy. In other words, Japan's self-defense and security requires a navy of a ratio slightly more favorable than 6 to 10. Japan will be satisfied if the existing ratio of 7 to 10 is maintained, for that is the proportion which the Japanese experts think not only fair but necessary to defend their country against an attack. Under that ratio the Japanese navy will be far too small to cross the Pacific for an aggressive purpose. While the American navy may, under the same ratio, find it possible to go to Far Eastern waters for a similar purpose, Japan will be able to cope with the attack. Thus, the ratio of 7 to 10 will insure peace and security to both countries.

Japan is willing to go much farther than the Hughes plan in reducing the navy, if only the existing ratio of 7 to 10 can be maintained. Her sole purpose in insisting upon that ratio is the defense and security of her country.

The Japanese delegates rely upon Mr. Hughes' firm stand of fairness and justice. They are confident that, once Mr. Hughes grasps the real meaning of their argument, he will not be reluctant to make due concession. At the same time their minds are open for any new information or argument which Mr. Hughes or his experts may supply. If such information or argument is convincing, the Japanese delegates and experts will be willing to recede from their present stand. In a word, their present attitude is, as I see it, one of frankness, sincerity, open-mindedness, and conciliation, all tending to an early settlement of the matter.

There is not the slightest doubt as to the amicable and satisfactory settlement of the naval question. Certain it is that, when the Conference comes to an end, England, America and Japan will have agreed upon a program of radical reduction in their respective navies.

Already the Japanese naval officers here are anticipating the dismissal, in the near future, of a large number of officers. They think that from next year the number of students to be admitted to the naval academies will have to be radically reduced. An officer said to me: "We have no illusion as to what is ahead of us. A new era has dawned upon the Pacific and the world. We must ourselves be ready and willing to scrap ourselves."

The naval retrenchment, which is to be carried out by the three Powers as the result of this Conference, will have a more far-reaching effect in Japan than is commonly realized among the Americans. Once the Japanese navy is reduced to such an extent as is proposed by Mr. Hughes, resulting in the dismissal of many officers and the virtual closing of shipyards, the army will not long be able to escape a similar fate. The public, which has been shouldering heavy armament taxation, will not fail to utilize the naval retrenchment as an occasion to arouse popular sentiment for the reduction of the army.

## CHAPTER III

## A GRAIN OF COMMON SENSE

*Washington, December 3, 1921:* Although I still adhere to my repeated prediction that the question of naval ratio will be settled in a way satisfactory to America, it seems too early at this time to say that the three great Powers have come to an agreement at yesterday's Conference between Mr. Hughes, Mr. Balfour, and Admiral Kato. It may be safest for us to expect that the Conference will take a tortuous course before it reaches its inevitable decision.

To a layman, it appears that too much importance is attached to expert knowledge at the Armament Conference. Is it not time that common sense should take the stage and ask expert knowledge to retire into the background for a while?

Common sense does not care to know whether Admiral Baron Kato's experts are right in their contention that the existing ratio between the American and Japanese navies is 10 to 7. Nor does it care for the opinion of American naval experts that 5 to 3 is the only right and fair ratio to ensure the peace of the Pacific.

Common sense brushes aside, or looks askance, at naval statistics prepared by experts. Instead of poring over such figures and statistics, it looks at the map of the Pacific Ocean, reads a few authoritative books on the economic conditions of Japan and America, and arrives at its own conclusion.

What, then, is the conclusion of common sense? It

concludes that, whether the naval ratio between America and Japan be 5 to 3, as claimed by American experts, or 5 to 3.5 as claimed by Japanese, it makes little difference to America, as far as her security and self-defense are concerned.

In discussing the naval question of the Pacific we must always remember that the distance between Yokohama and San Francisco is almost 5,500 miles, and that Panama is 8,000 miles from Japan. No man with common sense, whether American or Japanese, can possibly believe that the Japanese navy, with a strength of 3 or 3.5 as against America's 5, is capable of crossing this vast expanse of water, to deliver an attack upon any part of the American coast. Keep in sight also the American naval bases on the Philippines and at Hawaii, which are in themselves a safeguard against any aggressive move on the part of the Japanese navy. Experts may juggle with figures and tell us that such an aggression is not impossible, but common sense refuses to swallow such a theory.

Let me tell you what difficulty Japan encountered during the Russian War in transporting troops across the narrow straits of Korea only 80 miles wide. She employed six transports for that purpose, and they were guarded by a large fleet of warships. Yet two of these transports were attacked and sunk by Russian cruisers, of which there were only three operating in the Japan Sea.

Now what would happen if Japan tried to send a fleet of transports across the Pacific to a point 5,500 to 8,000 miles away? To transport an army, strong enough to accomplish anything, across the ocean, Japan would have to impress every steamer afloat in her home waters. A steamer can carry only 50 soldiers per 100 tons of displacement. Japan would make herself more

picturesque than Don Quixote if her navy, with a strength of only 3.5 as against America's 5, were to attempt an aggressive move toward the Pacific coast of the United States.

Even more serious is Japan's economic drawback. If ever she goes to war against America, it will be a single-handed fight for her. No European nation will help Japan either with money or with arms. Pitted against the inexhaustible financial resources of America, the Japanese Treasury would go bankrupt in a very short time.

Then there is the matter of steel and fuel supply, of which Japan is deplorably deficient. Japan is perhaps the poorest country in this respect. Her shipyards are almost entirely dependent upon foreign steel mills. Her naval and merchant ships rely solely upon foreign countries for supply of petroleum. In the event of an American-Japanese war, where is Japan going to get such supplies? In such a war, England would be friendly, if she would not render actual military assistance, to America. This would make it virtually impossible for Japan to obtain steel and oil from any country, without which war is inconceivable.

Some time ago a Japanese army officer wrote a book trying to show that Japan could successfully defend herself in a war with America. When the book was brought to the notice of Count Shibusawa, this foremost financier and publicist of Japan said: "If war breaks out between the two countries, America will not have to send a single fleet to the Orient. She may stay at home and just wait until our resources are exhausted, which will be a matter of surprisingly short time."

In the judgment of common sense, a ratio of 5 to 3.5, or 10 to 7, as between the American and Japanese

navies would sufficiently guarantee the safety and protection of the United States. On the other hand, an American fleet under that ratio may find it possible to cross the Pacific and make a successful attack upon Japan, especially when it is supported by a formidable naval base or bases located in the western Pacific. If America had no such base in that part of the Pacific, that would make a great difference in the Japanese consideration of the situation. But as things are, Japan entertains a genuine fear of the American navy. Whether that fear is well founded or not, we have to admit that that fear is absolutely sincere.

General Tasker Howard Bliss, an American military representative at the Supreme War Council and Commissioner Plenipotentiary at the Paris Peace Conference, in a recent essay expresses this pertinent opinion:

"It will be a long time before the nations will be relieved of a certain fear of each other; a fear, which undoubtedly exists in varying degree, is largely bred out of the existence of excessive and necessarily unequal armaments, and which results in continuing them. And it is this fear, whether unreasoning or not, that must be taken into account in any attempt to come to an agreement about these armaments. Fear results in armaments, and the armaments are simply a concrete expression of national policies."

I have tried to show that Japan entertains genuine fear of the American navy supported by American bases of operation in the western Pacific. If America is prepared for real leadership, she should be able by some generous means to remove that fear. Such a move would be a great diplomatic stroke and win the heartfelt confidence of the Japanese.

Of all times this is the time for mutual patience and mutual magnanimity. The Conference must be a suc-

cess. The nations assembled at Washington came here with the honest hope that this Conference will open a new age. It will never do to blight that hope by impatience and stubbornness. The Japanese are just as anxious to see this Conference a success as are the Americans. Their sincerity cannot be disputed. If evil prophets continue to impute ulterior motives to the Japanese attitude towards the naval ratio question, it will simply aggravate the matter and contribute materially to the difficulty of the Conference.

The Americans must sympathize with the delicate position in which the Japanese delegation finds itself. The recent assassination of Premier Hara has left the Government without dominating leadership, and the Government is undoubtedly afraid of popular opinion which is not entirely united in favor of scrapping such new ships as the *Mutsu,* into the making of which has gone the very blood of the nation groaning under the heavy burden of taxation. That which is easily made can be easily destroyed. But it is human nature to cling to a thing resulting from a great and heroic sacrifice. America, with its affluence and its abundant supply of steel, may not fully realize the Japanese feeling on this question. But the far-seeing statesmen of America surely will not fail to sympathize with that feeling. Above all they will appreciate the delicate situation confronting the Japanese delegation. American statesmanship will see to it that the Conference will be crowned with success, in spite of the gloomy views voiced by evil prophets.

Meanwhile, nothing is resented more bitterly by the Japanese delegation than the vile insinuation that it is withholding decision on the naval ratio for the purpose of barter. The Japanese came to the Conference, not to acquire, but to give as much as they possibly can

without prejudicing their national safety and existence. Is there anything they can hope to get by delaying decision on the naval question? Absolutely nothing. In Shantung they have already announced their intention to relinquish the rights given them by the Paris Peace Treaty. In Manchuria, Japan's rights are defined in a treaty with China. That right Japan has never had the idea of bartering for any expediency or purpose.

That there should be any delay in the settlement of the naval ratio is exceedingly deplorable. But when we come to consider the gravity of the issue, it is not surprising that immediate agreement has not been reached. When Japan received the American invitation, she accepted it in the friendly spirit in which that invitation was addressed to her. In accepting it, she was confident that opportunity would be given her for full, unreserved, friendly exchange of opinions on all problems which would be considered at the Conference.

That undoubtedly was and is the real intention of America. President Harding and Secretary Hughes certainly have no desire to dictate "terms of peace" to any of the nations which they have so graciously invited. If the Japanese have any reason to disagree with the conclusions of the American delegation, it is their obvious privilege and duty to speak courteously and frankly. Surely the American delegation would not deny that privilege to any delegation, even if that meant a delay of a few days in the final settlement of a question.

Mr. Roosevelt once said, "The leader leads, but the boss drives." Today America has a splendid opportunity for assuming leadership among the nations. If she wants to rise to the occasion and accomplish a great task for the lasting peace of the world, she must lead but not drive. Leadership implies patience, magna-

nimity, and open-mindedness. Impatience and stubbornness are not the qualities of real leadership. If America becomes a law unto herself and takes the stand that, once a proposition is put forward, it can never be altered, she is certainly treading upon perilous ground.

## CHAPTER IV

## JAPAN GIVES UP THE RATIO FIGHT

*Washington, December 13, 1921:* We are on the eve of a satisfactory settlement of the naval ratio question. It may even be safe to say that the question has already been settled among the "big three." Unquestionably announcement to that effect will be forthcoming within a very short time.

Does this mean that Japan has accepted the Hughes plan with no modification? No. Has America agreed to alter the ratio of 5-5-3? Not at all.

It is of course impossible to read the minds of the silent statesmen who are formulating the naval policy of the powers, but one intuitively feels that some sort of a concession has been made by America in order to expedite a speedy agreement. What is the concession that has been made? Is it not possible that Japan is permitted to save the *Mutsu* which was completed in October, and is to be commissioned this month? Is it not likely that America, too, will save a ship corresponding to this new Japanese man-of-war? Then may not America and Japan agree to destroy some of the older ships which are not on the scrapping list originally proposed by Mr. Hughes? To these questions no definite answer can be given by an outsider until the much expected announcement is made by the "big three." But to one who has closely followed the tortu-

ous course of the Naval Conference, the only logical answer seems to be "yes."

Even when the naval negotiation was reported to have come to a deadlock, I held steadfastly to the view that the question would be settled satisfactorily to both countries. If the settlement is to be satisfactory to both, what conceivable settlement is there other than the one suggested in the above three questions? It ought to be satisfactory to America because it does not alter the ratio originally proposed by Mr. Hughes. It ought to satisfy Japan, because she is allowed to keep a ship for which she seems to cherish something of an affection.

Undoubtedly the conclusion of the new four-power Treaty, which was announced on December 9, coupled with the American pledge to suspend work on the projected fortification of Guam and the Philippines, has had great influence on the happy solution of the naval ratio question. The abrogation of the Anglo-Japanese alliance has eased the American mind to no small degree, while the new four-power Treaty has inspired a sense of security in the Japanese mind. The mutual feeling of fear and suspicion has been dissipated, and a new spirit of trust and cooperation has become the basis of action on both sides.

It is, of course, regrettable that delay has been caused in the settlement of the naval ratio. Many Americans and Japanese believe that the Japanese delegation has made a great blunder in failing to come out at once for the unqualified acceptance of the Hughes plan. Some ill-informed critics have said that this Japanese failure is due to the fact that the chief Japanese delegate is an admiral. But Admiral Baron Kato is a statesman rather than a naval officer. It is now an open secret among the Japanese that personally he was

in favor of accepting the Hughes plan without modification. But he has brought a staff of earnest and faithful experts whose opinion he was obliged to ask. In the meantime, public sentiment at home has not been in entire accord with the view he had personally held. The Government at home has been sensitive to popular sentiment which has not been wholly united in favor of scrapping such ships as the *Mutsu*.

The American promise to abandon the fortification project for Guam and the Philippines has been doubly auspicious. Not only has it facilitated the settlement of the naval ratio, but it has unquestionably contributed materially towards the speedy solution of the Yap controversy. Whatever may have been the diplomatic reasons for Japan's reluctance to accede to the American proposal on the Yap question, the real reason must be found in Japanese fear of the American project of establishing formidable naval bases at Guam and in the Philippines. How seriously the Japanese have taken that project may be judged from a recent essay published in the *Dai Nippon* or *Greater Japan*, a monthly magazine devoted to the study of naval and military problems:

"Should America drop her naval harbor in Guam, this country would willingly surrender its mandatory right over the Pacific Islands north of the Equator. There appear to be many in America who suspect that Japan is going to fortify Yaloot, Truck, Angower, Yap, and Saipan, in fact all mandatory islands. This suspicion is worth only a big hearty laugh for its unfoundedness. Should America indefinitely postpone her Guam and Philippine plans, it might be stated unequivocally that Japan would willingly withdraw from those islands, and return them to the League of Nations.

"The return of the Pacific islands to the League will

decidedly accelerate the world's peace. With the Philippines and Guam designs abandoned, America will have no base nearer to these parts than Hawaii, and that turn of affairs will necessarily result in checking the fighting spirit both in America and in Japan."

## CHAPTER V

### HUGHES AGREES

*Washington, December 16, 1921:* Today the leadership of Charles Evans Hughes looms bigger than ever. It is the common verdict among the Japanese here that the happy conclusion of the naval negotiations, so skillfully and so patiently engineered by Mr. Hughes, is a master-stroke of American diplomacy even greater than the announcement of his naval retrenchment program at the very first sitting of the Conference.

If Mr. Hughes' naval program, given out on November 12, elicited the world's admiration by reason of its daring and sweeping nature, his conduct of the delicate parley that followed the presentment of that program has called forth even greater admiration because of the good temper, magnanimity, and the conciliatory spirit he has consistently maintained.

To discriminating observers, his unostentatious, unpretentious manner in announcing the consummation of that all-important parley yesterday was exceedingly pleasing. He appeared wholly unconscious of the great part he had played in it. He reported it to the representatives of the press in a matter-of-course, business-like fashion, as though he was unaware of the tremendous influence which that report was going to exercise upon the whole world.

Especially are the Japanese pleased with the open-mindedness, frankness, and friendliness which have

characterized Mr. Hughes' attitude throughout the negotiations that lasted a month. He had the vision to see the unfortunate effect which might have been produced upon the mental attitude of the Japanese people, had America and Britain compelled the Japanese delegation to accept a program to which there was a strong opposition on the other side of the water. As the real situation was revealed to him, Mr. Hughes came to understand that the Japanese people had justifiable reasons for their reluctance to put the *Mutsu* upon the scrap heap. This dreadnought, which has not only been completed but is fully equipped for commission, is the result of a heroic sacrifice which the masses of Japan have offered upon the altar of national defense. Furthermore, the ship is more distinctly than any other ship a child of Japan, having been designed by Japanese engineers and including some original plans developed by them. Had Japan been forced to destroy this new ship, her people would have inevitably felt that grave injustice had been done to them. Their feeling would have been doubly depressed by reason of their consciousness of the lack of steel and other materials which make it practically impossible for them to embark on short notice upon any program of naval building that might be necessitated by any unexpected turn of international relations. Mr. Hughes appreciated all these circumstances and knew how to sympathize with the popular sentiment prevailing in Japan on the question of the *Mutsu*.

The naval program as reported by Mr. Hughes is exactly as I reported on December 13. Japan has given up the 10-10-7 ratio which her experts at first advocated, but is allowed to keep the *Mutsu* without making any change in the 5-5-3 ratio as proposed by Mr. Hughes. This is proof that both the American

and Japanese delegations are animated by a spirit of conciliation, and are eager to accomplish the purpose for which this epoch-making Conference has been called. If the Conference is to attain that purpose, it is not enough to arrive at an agreement on the naval ratio, but the agreement must be reached after full and frank exchange of views and giving no occasion for unhappy feelings on the part of any of the participating nations. That purpose has been accomplished by the masterly manner in which Mr. Hughes has conducted the negotiations. He has won the confidence of the Japanese without receding from his original stand. This at least is the prevailing opinion among the Japanese.

The Japanese delegation is in receipt of a number of cablegrams, showing that public opinion at home, as expressed through the press, is on the whole satisfied with the naval decision reached by the Conference. It also indicates that this decision, coupled with the new four-power Treaty, will prove to be a strong impetus to the movement already started in Japan for the reduction of the army. The Tokyo *Jiji-Shimpo,* for one, deeply regrets that the Washington Conference is not going to discuss the reduction of land armaments. It believes that the Japanese army calls for retrenchment even more urgently than the navy, and that the quickest way to reduce it is external pressure brought to bear upon it by an international agreement. Now that the Conference has decided not to take up the question of land armaments, the *Jiji-Shimpo* urges that the people of Japan must endeavor to bring public opinion to a head so as to force the reduction of the army without relying upon outside influence. The *Osaka Asahi* and the *Tokyo Asahi,* two of the most influential dailies, are also advocating a radical reduction of the army.

As to the Pacific Treaty, the *Nichi-Nichi,* the *Asahi,* the *Yomiuri,* the *Chuo,* and the *Chugai,* all of Tokyo, welcome it as a crystallization of a new international spirit of peaceful cooperation. They are particularly pleased that the new entente removes the suspicion and fear which, however groundless they may have been, have been instilled in the American mind by the Anglo-Japanese alliance. They are somewhat disappointed that the treaty confines itself to the Pacific Islands, but trust that the more important question of China will be dealt with in a separate treaty.

Even the opposition party is compelled to admit that the treaty is "not bad." Its leader, Count Kato, though not very enthusiastic about it, declares that "this treaty is better than no treaty."

---

## FINAL RATIO AGREEMENT AS ANNOUNCED BY MR. HUGHES, DECEMBER 15

An agreement has been reached between the three Powers—the United States of America, the British Empire, and Japan, on the subject of naval ratio. The proposal of the American Government that the ratio should be 5-5-3 is accepted. It is agreed that with respect to fortifications and naval bases in the Pacific region, including Hongkong, the *status quo* shall be maintained, that is, that there shall be no increase in these fortifications and naval bases, except that this restriction shall not apply to the Hawaiian Islands, Australia, New Zealand, and the islands composing Japan proper, or, of course, to the coasts of the United States and Canada, as to which the respective Powers retain their entire freedom.

The Japanese Government has found special difficulty with respect to the *Mutsu,* as that is their newest

ship. In order to retain the *Mutsu,* Japan has proposed to scrap the *Setsu,* one of her older ships, which, under the American proposal, was to have been retained. This would leave the number of Japan's capital ships the same, that is, ten, as under the American proposal. The retention of the *Mutsu* by Japan in place of the *Setsu* makes a difference in net tonnage of 13,600 tons, making the total tonnage of Japan's capital ships 313,300 tons, as against 299,700 tons under the original American proposal.

While the difference in tonnage is small, there would be considerable difference in efficiency, as the retention of the *Mutsu* would give to Japan two post-Jutland ships of the latest design.

In order to meet this situation and to preserve the relative strength on the basis of the agreed ratio, it is agreed that the United States shall complete two of the ships in course of construction, that is, the *Colorado* and the *Washington,* which are now about 90 per cent completed, and scrap two of the older ships, that is, the *North Dakota* and the *Delaware,* which under the original proposal were to be retained. This would leave the United States with the same number of capital ships, that is, eighteen; as under the original proposal, with a tonnage of 525,850 tons, as against 500,650 tons as originally proposed. Three of the ships would be post-Jutland ships of the *Maryland* type.

As the British have no post-Jutland ships, except one Hood, the construction of which is only partly post-Jutland, it is agreed that in order to maintain proper relative strength the British Government may construct two new ships not to exceed 35,000 legend tons each, that is, calculating the tonnage according to British standards of measurement, or, according to American calculations, the equivalent of 37,000 tons each. It is agreed that the British Government shall on the completion of these two new ships, scrap four of their ships of the *King George V* type, that is, the *Erin,*

*King George V, Centurion,* and *Ajax,* which were to have been retained under the original American proposal. This would leave the British capital ships in number twenty, as against twenty-two under the American proposal. Taking the tonnage of the two new ships according to American calculation, it would amount to 74,000, and the four ships scrapped having a tonnage of 96,000 tons, there would be a reduction in net tonnage of 22,400 tons, leaving the British tonnage of capital ships 592,050, instead of 604,450. This would give the British as against the United States an excess tonnage of 56,200 tons, which is deemed to be fair, in view of the age of the ships of the *Royal Sovereign* and the *Queen Elizabeth* type.

The maximum limitation for the tonnage of ships to be constructed in replacement is to be fixed at 35,000 legend tons, that is, according to British standards of measurement, or according to American calculations, the equivalent of 37,000 tons, in order to give accommodation to these changes. The maximum tonnage of capital ships is fixed, for the purpose of replacement, on the basis of American standards of calculation, as follows:

The United States, 525,000 tons; Great Britain, 525,000; Japan, 315,000 tons.

Comparing this arrangement with the original American proposal, it will be observed that the United States is to scrap thirty ships, as proposed, save that there will be scrapped thirteen of the fifteen ships under construction, and seventeen instead of fifteen of the older ships.

The total tonnage of the American capital ships to be scrapped under the original proposal, including the tonnage of ships in construction if completed, was stated to be 845,740 tons. Under the present arrangement the tonnage of the thirty ships to be scrapped, taking that of the ships in construction if completed, would be 820,540 tons.

The number of the Japanese ships to be retained remains the same as under the original proposal. The total tonnage of the ships to be scrapped by Japan under the original American proposal, taking the tonnage of the new ships when completed, was stated to be 448,923 tons. The total tonnage of the ships to be scrapped under the present arrangement is 435,328 tons.

Under the original proposal Great Britain was to scrap nineteen capital ships (including certain pre-dreadnoughts already scrapped); whereas under the present arrangement she will scrap four more, or a total of twenty-three. The total tonnage of ships to be scrapped by Great Britain, including the tonnage of the four Hoods, to which the proposal referred as laid down, if completed, was stated to be 583,375 tons. The corresponding total of scrapped ships under the new arrangement will be 22,600 tons more, or 605,875 tons.

Under the American proposal there were to be scrapped sixty-six capital fighting ships built and building, with a total tonnage (taking ships laid down as completed) of 1,878,043 tons. Under the present arrangement, on the same basis of calculation, there are to be scrapped sixty-eight capital fighting ships, with a tonnage of 1,861,643 tons.

The naval holiday of ten years with respect to capital ships, as originally proposed by the American Government, is to be maintained except for the permission to construct ships as above stated.

## CHAPTER VI

## THE "FORTIFICATIONS FOR PEACE"

*Washington, February 1, 1922:* The much belated announcement of the Naval Armament Treaty is made at last. It was formally adopted at the fifth plenary session this morning after a delay of some five weeks. For this undue delay Japan is to blame, because its main cause has been her indecisive attitude towards the fortification question.

Into the details of this treaty I need not enter. From the Japanese point of view, its most important features are the provisions on the capital ship ratio and the fortifications and naval bases in the Pacific Ocean. As for the naval ratio, it has been fully discussed in my previous letters. Here I must tell you the real involution of the fortification question.

When the Japanese delegation failed to secure the alteration of the capital ship ratio and was obliged to accept the 5-5-3 ratio as originally proposed by the American delegation, Admiral Baron Kato approached Mr. Hughes with a view to reach an agreement for the cessation of further work on the fortifications and naval bases in the Pacific. To this idea the American delegation was favorably disposed. In several conversations between Hughes, Balfour and Kato it was agreed that the *status quo* should be maintained as to the fortifications and naval bases in the "region of the Pacific," with the exception of Australia, New Zealand, the Hawaiian Islands, and Japan proper. It was then under-

stood that Japan proper did not include the Bonin Islands and Amami-Oshima, and that these islands should, therefore, come within the zone in which the *status quo* was to be maintained. In accordance with this interpretation, the original Article 19 was drafted. There is reason to believe that Admiral Kato readily subscribed to that interpretation. Whether he did so under definite instructions from the home government is not known. Certain it is that personally he saw no reason why the Bonin group should be excluded from the *status quo* zone. As on the ratio question, so on the fortification question, he proved very liberal and conciliatory. He felt assured that Japan's safety was fairly protected by the four-power Pacific Treaty and the abandonment of the American project to develop naval bases at Guam and the Philippines.

To the embarrassment of the Japanese delegation, however, the home government took the view that the Bonin Islands should be excluded from the *status quo* zone, and that Japan should reserve the right to fortify them according to her own needs and discretion, because they formed a part of Japan proper. I am inclined to think that the Government at Tokyo took this attitude mainly because the United States reserved the right to strengthen the fortifications and naval bases in the Hawaiian Islands. Fair-minded critics must admit that this Japanese contention was not devoid of plausible reason. Hawaii is 2,100 sea miles from San Francisco, while the Bonin group is only 500 sea miles from Japan. If America must keep on increasing the fortifications and naval bases on islands whose distance from its Pacific Coast is about four times as great as the distance between Yokohama and the Bonin group, Japan can reasonably advance strong arguments for the exclusion of that group from the *status quo* zone. More-

over, Pearl Harbor at Hawaii has already been converted into a magnificent naval base. If America really wished to be a harbinger of peace and looked forward to an age of amity and friendliness in the Pacific Ocean, why should she be so eager to keep on strengthening a naval base already well developed? It is quite likely that Admiral Kato wished to bring out the question of the Hawaiian fortifications in his conversations with Mr. Hughes, but he knew the American intention on this matter too well to hazard a proposal. To an idealist it seems regrettable that America could not have played big brother and decided of her own accord to stop work on the Hawaiian base.

Acting upon instructions from Tokyo, Admiral Kato asked Mr. Hughes whether he would agree to the exclusion of the Bonin Islands from the *status quo* region. Here Mr. Hughes was uncompromising. He would not listen to any proposal which would permit Japan to increase fortifications in the Bonin group. As a compromise, Kato proposed that the Bonin group be eliminated from the Naval Treaty, but that Japan should sign a separate note, pledging herself to maintain the *status quo* of the islands. Of course this compromise was flimsy and meaningless, because there was no difference between a treaty and a note as far as its binding force was concerned. As long as Japan insisted upon the fundamental point, namely, the exclusion of the Bonins from the *status quo* zone, she had good argument to back her. Once that point was conceded, there was no reason why she should hesitate to accept it in a treaty. And yet Japan allowed this quibbling to delay the conclusion of the Naval Treaty for a month. The only plausible explanation for this peculiar Japanese attitude may be found in the prevalent opinion in Japan that no outside power should be allowed to determine

what islands constituted Japan proper, and that Japan proper, as understood among the Japanese, included the Bonins, which are, strangely enough, under the direct control of the metropolitan government of Tokyo. It was the hackneyed conception of national dignity or "face" which entered the agreement.

It was while Mr. Hughes and Admiral Kato were engaged in these unprofitable conversations that Mr. Balfour proposed the novel scheme of a parallelogram within which all fortifications and naval bases were to maintain the *status quo*. The boundary lines of this zone were to be the equator on the south, the 30th degree of latitude on the north, the 110th degree of longitude on the west, and the 180th degree of longitude on the east. In presenting this novel scheme, Britain, it was surmised, had in view the increase of fortifications on certain islands south of the equator which were, in the original American plan, included in the *status quo* zone. It also permitted the strengthening of naval bases in the Aleutian group. At the same time it put the Bonins within the zone where further fortifications were to be prohibited. Naturally this met with vigorous opposition on the part of Japan and was finally abandoned.

After protracted negotiations Japan withdrew the contention that the Bonin group be excluded from the *status quo* zone. Article 19 of the Naval Treaty, as finally agreed upon, reads as follows:

"The United States of America, the British Empire and Japan agree that the *status quo* at the time of the signing of the present treaty with regard to fortifications and naval bases shall be maintained in their respective territories and possessions specified hereunder:

"1. The insular possessions which the United States now holds or may hereafter acquire in the Pacific Ocean,

except (a) those adjacent to the coast of the United States, Alaska and the Panama Canal Zone, not including the Aleutian Islands, and (b) the Hawaiian Islands;

"2. Hongkong and the insular possessions which the British Empire now holds or may hereafter acquire in the Pacific Ocean east of the meridian of 110 degrees east longitude except (a) those adjacent to the coast of Canada, (b) the Commonwealth of Australia and its territories, and (c) New Zealand;

"3. The following insular territories and possessions of Japan in the Pacific Ocean, to wit: The Kurile Islands, the Bonin Islands, Amami-Oshima, Loochoo Islands, Formosa and the Pescadores, and any insular territories or possessions in the Pacific Ocean which Japan may hereafter acquire.

"The maintenance of the *status quo* under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified, that no measures shall be taken to increase the existing naval facilities for the repair and maintenance of naval force, and that no increase shall be made in the coast defense of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace."

The above article explains itself. Japan has foregone the right of increasing the fortifications of the Bonin group and several other islands, but America is allowed that right with regard to the Hawaiian group. As for Guam, no practical work has been commenced on the naval base project contemplated by the American Government. The naval base in the Philippines has not yet assumed such a magnitude as to inspire fear in the Japanese mind. Although the fortifications there

are understood to be formidable, they alone cannot become a menace to Japan's safety. As for Britain, she is well protected by her bases at Singapore and at Hongkong.

The maintenance of the existing status of the fortifications and naval bases enumerated in Article 19 of the Naval Treaty is calculated to remove a cause of mutual fear and suspicion among the powers. Let us hope that these Pacific fortifications will prove to be the "fortifications for peace" and not for war. Rumor has it that Article 19, as it now stands, was drafted by Baron Shidehara. It was a happy solution of the knotty problem, and was readily accepted by Mr. Hughes and Mr. Balfour.

# *PART II*

# THE PACIFIC TREATY

# PART II

# THE PACIFIC TREATY

## CHAPTER VII

## THE PARTING OF THE WAYS

*Washington, November 9, 1921:* On the eve of the Conference our thoughts naturally turn to the Anglo-Japanese alliance, for the alliance is bound to be discussed and disposed of at this international gathering.

There is no doubt that England and Japan stand at the parting of the ways. For twenty years they have travelled hand in hand on the road of diplomacy. Will they now bid goodbye to each other without remorse or regret?

To forecast the future of the alliance, it is essential to know something of its past. The first alliance, concluded on January 30, 1902, conferred upon Japan little material benefit. It was not an offensive or defensive alliance. It did not obligate England to help Japan in the event of war between Japan and Russia, although the alliance was obviously directed against the northern colossus. As far as Japan was concerned, the value of the alliance was moral rather than material. Unquestionably it elevated Japan's prestige among the nations, for it was the first recognition of the fact that an Asiatic nation was capable of rendering assistance to a foremost Power of the West. By it

Japan was definitely recognized as an important factor in world politics. No longer was her voice to be ignored in the disposition of Far Eastern questions.

For Great Britain the advantage was more substantial. As Mr. Alfred Stead frankly admits, "British diplomacy assumed a new importance at Peking when backed by Japan, and, amongst other results, the Tibetan expedition was rendered possible. Since the beginning of the Russo-Japanese War, and the consequent revelation of Japan's power, the advantages to British diplomacy in Europe have been very considerable. In fact, British foreign policy all over the world has been influenced and strengthened by the alliance. The destruction of the Baltic Fleet enabled four British battleships to be sent home to play a very important part in the diplomatic crisis in Europe."

The first alliance was renewed on August 12, 1905, when Japan was still locked in deadly combat with Russia. This second pact was no longer a shadowy alliance, but a defensive and offensive alliance in the real sense of the term. By it Britain definitely cast her lot with Japan.

The second treaty of alliance was made public when the outcome of the Peace Conference at Portsmouth was quivering in the balance. Unfortunately for Japan, the treaty contained an article forestalling its application to the war in which Japan was then engaged. But for that provision the alliance might have been a great aid to Japan in obtaining more favorable terms of peace from Russia.

England's main object in concluding the second alliance was to prepare against the rising tide of German influence which had begun to manifest itself both in Europe and in the Far East. On the other hand, Japan regarded it as a safeguard against Russian revenge.

The second alliance was to have remained in force for ten years, but new factors, which had been injected into the Far Eastern situation, necessitated its revision four years before its termination. The most important of such new factors was the changed relationship between Japan and the United States.

Due to the California situation and American attempts to undermine Japanese influence in Manchuria, relations between the two nations ceased to be entirely cordial. It was a foregone conclusion that Japan never so much as dreamed of going to war with America because of those questions. Nevertheless the far-seeing statesmen of both Japan and England thought it the part of wisdom to make it plain in black and white that the Anglo-Japanese alliance was not applicable to a war between Japan and America.

It was with that specific object in view that the following article was included in the third treaty of alliance concluded on July 13, 1911: "Should either High Contracting Party conclude a treaty of general arbitration with a third Power, it is agreed that nothing in this agreement shall entail upon such contracting Power an obligation to go to war with the Power with whom such treaty of arbitration is in force." Almost simultaneously the United States signed a general arbitration treaty with Great Britain.

The above provision is explicit enough to indicate its real purpose. But its importance becomes greater when we know the intentions of those who were responsible for it. The British and Japanese statesmen, who put this provision in the third treaty of alliance, meant specifically to absolve England from any obligation to help Japan in case of an American-Japanese war.

Unfortunately the United States Senate failed to ratify this arbitration treaty. It was, therefore, through

no fault of Japan's that the effect of the new article in the Anglo-Japanese alliance has been in a state of abeyance. But, in spite of the action of the Senate, Japan was satisfied that the third alliance could not be used against America, for the specific motive of England and Japan in revising the second alliance was to exclude America from its application.

Considered from the British side, the third Anglo-Japanese alliance of 1911 had for its object the prevention of German aggression in China and Europe, as well as the possible renewal of Russian ambition in the direction of Tibet and India. From the Japanese standpoint, it was, like the second alliance, a safeguard against Russian revenge.

With both Russia and Germany eliminated from the field of international rivalry, the alliance is becoming even less popular in England, for today Britain has no nation to fear save America. Small wonder that the idea of abrogating the Anglo-Japanese alliance is gaining ground, and that talk of an American-British-Japanese entente to take the place of that alliance is heard more and more frequently, especially in British quarters. Is such an entente possible? That will be the topic of my next letter.

## CHAPTER VIII

## A NEW ALIGNMENT

*Washington, November 10, 1921:* It is not only in England that the Anglo-Japanese alliance has been severely criticized. In Japan, too, its popularity has been waning. And yet the leading statesmen and publicists of Japan are undoubtedly for the continuation of the alliance. They cherish something of a sentimental affection for the remarkable pact by which the two island Powers have assisted each other for two decades. They know that Japan's continued association with the foremost Power of Europe will be an asset to her yet uncertain prestige among the nations. To put it plainly, Japan is afraid of isolation.

For this reason Japan will undoubtedly welcome the renewal of the alliance with England, even in much modified form. At the same time, the Japanese statesmen are well aware of the sentiment which has been steadily growing in America against the Anglo-Japanese alliance. I do not care to determine the real cause of this growing American suspicion towards the alliance. It may be due to German propaganda. It may be because of the anti-British feeling among Irish-Americans. Or it may be because of Chinese propaganda. Whatever may be the cause, it is undeniable that the alliance has many enemies in America, and the far-seeing statesmen of Japan are not unmindful of this fact.

Japan, therefore, would not necessarily cling to the

alliance with England. At the same time, she would welcome a pact which would not be objectionable to America and which would be agreeable to England. Such a pact cannot assume either the form or the power of an alliance. It may perhaps be a shadowy sort of entente, not much more than an assurance of cooperation and friendship. Yet such an entente will have the effect of silencing those international busybodies whose business it is to open a rift in the lute of harmonious relations between the three Powers.

Supposing that such an arrangement could be made between America, Britain, and Japan, what would its purpose be and what form would it assume? Obviously it should not be an entangling alliance against which America is irreconcilable. And it should not contravene the open door principle for which America stands firmly in the Far East.

If one restricts the scope of the suggested tripartite entente in conformity to American tradition, one naturally recalls the memorable note exchanged between Secretary Root and Ambassador Takahira on November 3, 1908.

The Root-Takahira note states that America and Japan "are animated by a common aim, policy and intention" in "the regions of the Pacific," and that "a frank avowal of that aim, policy and intention would not only tend to strengthen the relations of friendship and good neighborhood, which have immemorially existed between Japan and the United States, but would materially contribute to the preservation of the general peace." With this preliminary statement the note defines its object as follows:

"1. It is the wish of the two Governments to encourage the free and peaceful development of their commerce on the Pacific Ocean.

"2. The policy of both Governments, uninfluenced by any aggressive tendencies, is directed to the maintenance of the existing *status quo* in the region above mentioned and to the defense of the principle of equal opportunity for commerce and industry in China.

"3. They are accordingly firmly resolved reciprocally to respect the territorial possession belonging to each other in said region.

"4. They are also determined to preserve the common interest of all powers in China by supporting by all pacific means at their disposal the independence and integrity of China and the principle of equal opportunity for commerce and industry of all nations in that Empire.

"5. Should any event occur threatening the *status quo* as above described or the principle of equal opportunity as above defined, it remains for the two Governments to communicate with each other in order to arrive at an understanding as to what measures they may consider it useful to take."

As is obvious from the above articles, the Root-Takahira note was in perfect consonance with the Hay doctrine of the open door, equal opportunity, and the preservation of China's integrity. Surely it savors nothing of an entangling alliance. What is equally important, it does not conflict with the underlying principles of the League of Nations.

If an American-British-Japanese entente is to replace the Anglo-Japanese alliance, I feel certain that the statesmen of the three countries will follow the idea mapped out in the Root-Takahira note.

If America is to uphold in earnest the open door and integrity of China, she can work for that purpose more effectually by associating herself with the other dominant Powers. In other words, she will find it more

advantageous to work from within, so to speak, than to work from outside. Even President Wilson learned a lesson in this respect. In 1913, Mr. Wilson obliged the American bankers to withdraw from the international banking group in China upon the ground that the conditions required of China by the financing body ran counter to the American traditions of non-interference. In a short time after this announcement Mr. Wilson had to modify his views on the question, with the result that the State Department, in the summer of 1918, inaugurated a new policy virtually reversing the Wilson idea. In accordance with this policy, the American Government would no longer stand aloof from American bankers interested in Chinese loans, but was "willing to aid in every possible way, and to make prompt and vigorous representations, and to take every possible step to insure the execution of equitable contracts made by American citizens in foreign lands." More recently, Mr. Wilson unmistakably forsook the non-interference policy announced in 1913 by endorsing the new International Banking Consortium for China, initiated by the State Department and American financiers.

I have described Mr. Wilson's change of attitude merely to illustrate that it is easier and more effective to help China by working from inside, or by cooperating with other Powers, than by standing aloof from the organized Powers in China. In entering into a tripartite entente as above suggested, America will sacrifice nothing but will gain important advantages in carrying out her program of the open door in China.

## CHAPTER IX

## BRITAIN THINKS

*Washington, November 27, 1921:* There are various indications that England is trying to carry water upon both shoulders. On the one hand, she is eager to make friends with America. On the other, she is not quite ready to give up the alliance with Japan.

Since the opening of the Armament Conference, powerful propaganda against the Anglo-Japanese alliance has been emanating from various sources, American, Chinese, East Indian, and even British. Especially noticeable is Hindu propaganda aimed at the termination of the Anglo-Japanese alliance. Several pamphlets, some anonymous, some signed, have obviously emanated from that source. I am told that Dr. Reinsch, ex-American Minister to Peking and adviser to the Chinese delegation, is assisting the Hindu propagandists for this purpose.

As for Downing Street, it is not yet quite sure whether the termination of the alliance is the best course for the British Empire. It was indicative of this attitude of doubt that certain spokesmen for Great Britain at Washington proffered the explanation a few days ago that the alliance was by no means inconsistent with the British policy of cementing friendship with America.

Some evil-minded men are whispering that Britain is keeping the alliance with Japan up her sleeve, hoping to utilize it in driving a bargain with America. Such

insinuations simply show the baseness of the minds from which they proceed. They are as foolish as they are groundless. Nevertheless, the fact is unquestionable that England would join hands with Japan and insist upon the maintenance of the existing alliance if America refused to become a party to a new tripartite arrangement, for it cannot be denied that Britain is in fear of the growing power of the United States, against which she sees a safeguard in the alliance with Japan.

As for England and Japan, it would be wiset to part as gentlemen and friends. Such hard words as have been uttered by Lord Northcliffe against Japan at this juncture are entirely uncalled for. They will merely serve to lower the high estimate of England held by the Japanese.

Public opinion in Japan, as expressed in the press, is not excited over the alliance with England. It does not care about it one way or the other. It is willing to let the alliance run its own course. It expires in July, 1922. If Britain wants to end it by that time, Japanese public opinion will say calmly, cheerfully, and in a friendly spirit, "Goodbye, Britain, and good luck to you."

One of the reasons why England has been doubting the wisdom of abrogating the alliance is the fear that it may have the effect of encouraging the revolutionists in India. This view is expressed by Mr. Demetrius Boulger, in a recent issue of the *Contemporary Review,* in these words:

"Japan has shown herself to be not only a useful but loyal ally, and loyalty between nations seems to be as rare as among individuals. When found it is not to be slighted or lightly discarded. On every test Japan has done always what she promised, and her proffers have gone much further. Which of all our friends

and allies, for instance, would offer to land half a million men at Kurrachee if the need arose to defend India in earnest? We cannot lightly dispense with such friends. It is certainly a matter to think over. It is true that we have the alternative to let India become a world military power by allowing her to raise any number of millions and reach a position to defend herself. But would not that be to promote the possible awakening of Asia, which we are besought to dread when Japan sounds the tocsin? It may be suggested that we know where we are with the Japanese alone, but when it comes to the evolution of new forces from India and China—and neither can be kept in leading strings much longer—we are brought up against the unknown.

. . . . . .

"Down to the present time the Japanese do not seem to have got much value out of the alliance. It has been an arrangement for our benefit. Perhaps the honor of being the one Ally of the British Empire may have counted for something in raising Japan to a high place in the family of nations, but that sense of satisfaction must have evaporated long ago, for nations do not grow out of sentiment alone."

But as far as the protection of India is concerned, we might as well be frank and make it plain now that Japanese public opinion will never permit Japan to employ her troops for England in the event of serious uprising in India, and this for about the same reason that England would not help Japan against America. If the alliance is, by any unexpected turn of diplomacy, to be continued, the above point must be unmistakably stated.

Another reason for England's cautiousness in dealing with the alliance lies in her fear that her commer-

cial interest in China might be undermined, if, as a result of the abrogation of the alliance with Tokyo, America and Japan should become closer friends. Downing Street knows full well that America is a great potential rival in the commercial field of China, while Japan has already made considerable inroads into the sphere long monopolized by British interests. If the Anglo-Japanese alliance is terminated, the British statesmen are afraid that American commercial interests may cooperate with those of Japan to the disadvantage of British interests in China. That is why England is anxious to befriend America and thus prepare for the day when the alliance with Japan will be a thing of the past.

A third reason for Britain's doubt as to the wisdom of terminating the Japanese alliance without some substitute is that Australia and New Zealand are not entirely in favor of its unconditional abrogation. Not that they have much love for Japan, but because they are in fear of the Japanese navy. During the World War, both Australia and New Zealand had reason to be grateful to the Japanese navy, for their ships carrying the "Anzacs" to Europe were convoyed by Japanese men-of-war. But the proved efficiency of the Japanese navy is all the greater reason for them to fear Japan. They know that they are not giving Japan the square deal in the matter of immigration and the treatment of Japanese subjects, and that is why they feel somewhat uneasy.

At heart England may prefer an entente with America alone, leaving Japan out of the new partnership. But she is too proud of her national honor to treat her former ally in such a manner. Downing Street knows that Japan has been a faithful ally, and that it ought not to leave her in the lurch now that the elimination of

Britain's traditional enemies, Germany and Russia, has lessened the usefulness of the alliance. As a graceful means to terminate the alliance with Japan, Britain would advocate an American-British-Japanese entente. That at least seems to be the situation as I see it today.

## CHAPTER X

### JAPAN DECIDES

*Washington, December 7, 1921:* There is now little doubt that the Foreign Office at Tokyo, counselled by the Advisory Council on Foreign Affairs, has made up its mind to give up the Anglo-Japanese alliance. It is also certain that this decision is predicated upon the materialization of an understanding or entente between America, Britain, and Japan, possibly to be joined by France.

Today optimism prevails at the headquarters of the Japanese delegation, indicating that it is satisfied with the development of the situation both here and at home. The general feeling among them is one of gratification and confidence. They are especially gratified that the American Government, as well as the American public, has been exceedingly generous towards them.

When President Harding's invitation to the Conference reached Tokyo, there was a feeling of uneasiness and suspicion among the Japanese. They knew that the Senate at Washington, as well as American public sentiment as expressed in the press, had been decidedly hostile towards them. Some Japanese went as far as to say that America summoned Japan much as a judge would summon a defendant. Some newspapers saw in the proposed conference the greatest crisis in Japan's relations with America.

All this feeling of suspicion and uneasiness evapo-

rated into thin air soon after the Japanese delegates arrived at Washington. With the work of the Conference half finished today, they are confident that, when the Conference comes to an end, Japan and America will have become better friends than they have been in the past fifteen years.

As far as the alliance with the British is concerned, Japan's attitude and the latest developments are exactly what I forecast a few days before the opening of the Conference. In arriving at the conclusion that the termination of the Anglo-Japanese alliance is the best thing for Japan, the leaders at Tokyo have been unquestionably moved by their knowledge of the antipathy and suspicion prevailing in America towards the alliance. They realize that the Pacific era, as prophesied by the late Colonel Roosevelt, is about to take the place of the Atlantic era, and that America is bound to be the greatest political and economic factor in this dawning era. It is but natural that they should be willing to go a long way in meeting the American Government and people. It is even expected that Baron Kato, the head of the Japanese delegation, will in some way make this Japanese attitude clear before the close of the Conference. Just how that will be done it is not possible to ascertain at this moment.

Japan will part with England with the confident feeling that she has served her ally honorably and faithfully. She is in a position to say to the world that whenever she enters into an alliance with any nation her sincerity and honesty can be absolutely relied upon. Mr. Lloyd George, in a recent address in the House, plainly admitted this. A prominent British writer on international affairs in a recent essay agrees that the Japanese have not got much from the alliance and that it has been an arrangement for the benefit of England.

This is an extreme statement, for there is no doubt that Japan owes much to the alliance. Nevertheless Japan feels satisfied that she has always adhered to the spirit and letter of the alliance.

## CHAPTER XI

## THE NEW TREATY

*Washington, December 10, 1921:* As the peals of applause, which greeted the announcement by Senator Lodge of the four-power pact yesterday, give way to calmer reflection, we are in a mood to look upon the new international instrument with critical eyes.

The heart of this treaty is, of course, Article 1, binding each contracting party to respect the rights of the other in the Pacific. All other provisions matter little. Article 2, which has been compared by some critics to Article 10 of the League of Nations Covenant, is not important, because the elimination of Germany as a sea power has made it impossible to think of any nation, which is outside of this new international group, and which will be strong enough to threaten in the coming ten years any of the Pacific possessions and dominions of the Powers bound by this new treaty.

In my letter of November 10 I said that a probable entente between America, England and Japan would adopt the principles embodied in the Root-Takahira note of 1908. The substance of the new pact justifies that prediction, with the exception that France has been added to the group and that the problem of China is not dealt with in the treaty. As far as the rights of the Powers in the region of the Pacific are concerned, the new instrument differs little in principle from the American-Japanese understanding drafted by Mr. Root twelve years ago.

The value of this four-power agreement is moral. Its importance lies not so much in what it says as in what it implies. As I said in my previous letter, such an arrangement "will have the effect of silencing those political wiseacres and international busybodies whose business it is to open a rift in the lute of harmonious relations between America, Britain, and Japan." And this is exactly what this "Pacific Treaty" will do. As a practical question, it is difficult to conceive of any conflict among the four Powers arising out of questions affecting their respective rights in the Pacific Ocean.

After all, the point of danger is China. If Japan and America ever go to war, it will be because of disagreement on the Chinese question. Once any of the four Powers are involved in war over the Chinese question, their insular possessions and dominions will, of course, be immediately affected by it, but these possessions and dominions will not in themselves furnish cause for conflict. If this premise be true, the course that should be taken by the Conference is clear. It should supplement this treaty with another instrument dealing specifically with the Chinese question, and including China among the signatories. Unless this is done this four-power agreement will in itself hardly measure up to the expectations of the anxious world.

If the real purpose of this Pacific Treaty is to insure the security of the respective possessions and dominions of the four Powers in the Pacific, why ignore Holland and admit France into the entente? French possessions in the Pacific are negligible. New Caledonia, 7,600 square miles in area, is about the only French territory in the Pacific. On the other hand, Holland holds 735,000 square miles of Pacific islands, the largest of which are Java and Sumatra. The omission of Holland is another evidence that the ultimate and real

objective of this treaty is not the protection of Pacific islands, but the moral effect which is certain to be produced upon the world by the proclamation, and the idea implied therein, that henceforward the four dominant Powers are going to act in the spirit of perfect harmony and cooperation.

It is not correct to say, as has been said by some writers, that Japan initiated this treaty, although there is reason to believe that its final draft, which formed the basis of the treaty, was Baron Shidehara's work. Rumor has it that the original draft, drawn by Mr. Balfour, contained phrases, the meaning of which was hardly compatible with American traditions concerning foreign relations. If we are to credit any single nation with the initiative of the new treaty, that credit should go to England. But perhaps it is nearer the truth to say that the treaty was initiated spontaneously and simultaneously by Japan, Britain, and America. Each felt almost intuitively what the others had in mind. All knew that the Anglo-Japanese alliance had outlived its necessity, and that it was out of harmony with the spirit of the times. Mr. Hanihard, of the Japanese delegation, in comparing the new entente with the Anglo-Japanese alliance, has hit upon this happy simile, "We have discarded whiskey and accepted water." It was perhaps Baron Shidehara who took the "kick" out of the original British draft, and thus converted the treaty into wholesome "water" acceptable to "dry" America.

Japan welcomes this new arrangement because it terminates the Anglo-Japanese alliance which has long been a great obstacle to a good understanding with America. Now that this obstacle is removed, she hopes that her efforts for winning the real friendship of this country will be rewarded with success. Its immediate benefit will be to expedite the solution of the

naval ratio question. As long as Japan was in alliance with England, the United States had justification for fearing the Japanese navy. Now that the dual alliance is definitely dissolved, the American Government will not hesitate to make a few minor concessions in order to come to an agreement with Japan on the naval ratio question.

The Washington Conference and the new Pacific Treaty fulfill this prophesy voiced by Colonel Roosevelt twenty years ago:

"The Mediterranean era declined with the Roman Empire and died with the discovery of America. The Atlantic era is now at the height of its development and must soon exhaust the resources at its command. The Pacific era, destined to be the greatest of all, and to bring the whole human race at last into one great comity of nations, is just at the dawn. Man, in his migration westward, has at last traversed the whole round of the planet, and the sons of the newest West now stand on the Pacific Coast of America and touch hands across the greatest of oceans with those ancient races of Asia which have from time immemorial dwelt in their present seats. It is the fate of the American nation to be placed at the front of the turmoil that must accompany this new placing of the peoples."

The new Pacific Treaty is an announcement to the world that America is no longer to stand aloof from the adjustment of complicated international affairs, and that she is ready to play the most important rôle upon the new stage of world politics. Unmistakably and unhesitatingly America has assumed leadership in the adjustment of Far Eastern affairs.

## TEXT OF THE PACIFIC TREATY

*Signed on December 13, 1921*

The United States of America, the British Empire, France and Japan, with a view to the preservation of the general peace and the maintenance of their rights in relation to their insular possessions and insular dominions in the regions of the Pacific Ocean, have determined to conclude a treaty to this effect and have appointed as their plenipotentiaries [here follows list of delegates], who, having communicated their full powers, found in good and due form, have agreed as follows:

### Article I

The high contracting parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean.

If there should develop between any of the high contracting parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other high contracting parties to a joint conference, to which the whole subject will be referred for consideration and adjustment.

### Article II

If the said rights are threatened by the aggressive action of any other Power, the high contracting parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

### Article III

This Treaty shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the high contracting parties to terminate it upon twelve months' notice.

### Article IV

This Treaty shall be ratified as soon as possible in accordance with the constitutional methods of the high contracting parties, and shall take effect on the deposit of ratifications, which shall take place at Washington, and thereupon the agreement between Great Britain and Japan which was concluded at London on July 13, 1911, shall terminate. The Government of the United States will transmit to all the Signatory Powers a certified copy of the *procès verbal* of the deposit of ratifications.

---

## TEXT OF AMERICA'S RESERVATIONS TO THE PACIFIC TREATY

In signing the treaty this day between the United States of America, the British Empire, France and Japan, it is declared to be the understanding and intent of the signatory Powers:

1. That the treaty shall apply to the mandated islands in the Pacific Ocean; provided, however, that the making of the treaty shall not be deemed to be an assent on the part of the United States of America to the mandates and shall not preclude agreements between the United States of America and the mandatory powers respectively in relation to the mandated islands.

2. That the controversies to which the second paragraph of Article I refers shall not be taken to embrace questions which according to principles of international

law lie exclusively within the domestic jurisdiction of the respective powers.

---

## THE RESERVATION ADOPTED BY THE SENATE, MARCH 24, 1922

The United States understands that under the statement in the preamble or under the terms of this treaty there is no commitment to armed force, no alliance, no obligation to join in any defense.

## CHAPTER XII

## THE AFTERMATH

*Washington, December 24, 1921:* A mingled feeling of amusement, curiosity and regret prevails among the non-official Japanese here as to the question of whether or not Japan proper comes within the scope of Article II of the four-power treaty, a question which has blossomed forth into animated discussion in certain quarters. The more serious-minded patriots from the Mikado's empire are inclined to take it as an affront to Japan's dignity that the treaty should be interpreted as obligating the other contracting parties to extend even a moral assistance to the safeguarding of the territorial integrity of Japan proper. Quite properly they think that Japan can take care of herself as far as the protection of her main islands is concerned, and that no outsider need worry about it. Meanwhile, the Japanese delegation remain discreetly silent. Apparently they are in an embarrassing position.

This question may be an interesting topic to a hair-splitting jurist, but as a practical matter its discussion is not worth the candle. For what does the treaty say? It says in Article I: "The high contracting parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the regions of the Pacific Ocean." And in Article II the treaty goes on to say: "If the said rights are threatened by the aggressive action of any *other* Power, the high contracting parties shall communicate with

one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation."

Now where in the whole world can you find a Power —a third nation which is outside the group formed by this treaty—strong enough to menace or attack in the coming ten years any of the islands in the Pacific Ocean, much less the main islands of Japan? The duration of the treaty is limited to ten years. In ten years' time neither Germany nor Russia will regain their former prowess. And besides these two nations there is absolutely no nation on earth which is likely to spell danger to the Pacific.

How this controversy originated and has become so seriously considered is interesting only as a matter of history. When the treaty was discussed by the "Big Three," Mr. Balfour proposed that, inasmuch as Australia and New Zealand came within its scope, Japan proper should also be included in it. The Japanese delegate, knowing that the point was not very important, raised no objection. And so the question was readily disposed of, as far as the three delegations were concerned.

For several days after the announcement of the treaty at the plenary session of December 9, the matter rested there, no outsider having raised a question as to the territorial scope of the treaty. Then came Mr. Hughes' answer to a newspaper reporter's query, definitely stating that the protection of the treaty was applicable to Japan proper.

In the meantime the Japanese delegation received instructions from the home government, advising it to secure the exemption of Japan proper from the scope of the treaty. I am at a loss to understand why the

Foreign Office at Tokyo dispatched such instructions after its delegation had definitely accepted the British and American interpretation of the treaty. In view of the trivial nature of the question, it seems hardly worth while for Japan to raise controversy over it and advise her delegation to go back on the commitment it had already made. The only plausible explanation for this peculiar action on the part of the Japanese Government may be found in the objection raised by a chauvinistic section of the Japanese press, which seems to attach an exaggerated importance to national dignity and honor. At any rate the eleventh-hour objection of the Japanese delegation must have puzzled Mr. Hughes and his colleagues and made them think that the Japanese were a queer lot.

When the question of the territorial scope of the Pacific Treaty began to attract public attention, President Harding, for some reason unknown to the outsider, made it known that he believed the treaty to exclude Japan proper from its scope. This of course made confusion worse confounded. The President's statement was particularly mystifying because it followed upon the heels of Secretary Hughes' statement giving the contrary interpretation of the treaty. Did not the Secretary of State keep the President posted as to the meaning of the treaty? Was the President too busy to notice Mr. Hughes' utterances which had been widely published in the newspapers? These questions perplexed the public mind. Fortunately, Mr. Harding had no intention to enter into controversy with Mr. Hughes on this matter, and got out of the somewhat awkward situation, or rather smoothed it over, with a graceful and diplomatic statement. Nevertheless, the responsible Japanese both here and at home have genuinely regretted that the President has been put to an

embarrassment which might have been avoided. They feel they are indirectly responsible for the President's embarrassment for the simple reason that the interpretation in question concerns their own country.

The Japanese delegation, acting upon the instructions from Tokyo, has asked Mr. Hughes and Mr. Balfour that the treaty be so interpreted as to exempt Japan proper from its purview. It goes without saying that this request has met with a ready and favorable response. What sensible man cares to make ado about such a trivial matter?

---

## SUPPLEMENT TO THE PACIFIC TREATY

NOTE: In compliance with the request of the Japanese Delegation, the following supplement is attached to the Four-Power Treaty, thus excluding Japan proper from the scope of the treaty.—THE AUTHOR.

The United States of America, the British Empire, France and Japan have, through their respective plenipotentiaries, agreed upon the following stipulations supplementary to the quadruple treaty signed at Washington, December 13, 1921:

The term "insular possessions and insular dominions," used in the aforesaid treaty shall, in its application to Japan, include only Karafuto (or the southern portion of the Island Sakhaline), Formosa, and the Pescadores and the islands under the mandate of Japan.

The present agreement shall have the same force and effect as the said treaty to which it is supplementary.

The provision of Article 4 of the aforesaid treaty of December 13, 1921, relating to ratification, shall be applicable to the present agreement, which in French and English shall remain deposited in the archives of the Government of the United States, and duly certified

copies thereof shall be transmitted by that Government to each of the other contracting powers.

In faith whereof the respective plenipotentiaries have signed the present agreement.

Done at the city of Washington the sixth day of February, one thousand nine hundred and twenty-two.

# *PART III*

# THE RIDDLE OF CHINA

# PART III

# THE RIDDLE OF CHINA

## CHAPTER XIII

## CHINA'S "BILL OF RIGHTS"

*Washington, November 17, 1921:* Yesterday the Chinese delegation placed upon the conference table a memorandum setting forth China's hopes and expectations at this Conference. Some of my American colleagues of the Fourth Estate call it China's "Bill of Rights." Let us hope that such it will prove to be.

Gossip has been current as to the authorship of the memorandum. Some say Mr. Lansing wrote it, others credit Dr. Reinsch with its authorship. Still others think that the document is a joint work of Messrs. Thomas Millard and Putnam Weale. The more common gossip is that Dr. John C. Ferguson is responsible for it. For China is a country where foreign advisers are "in flower." But the authorship question is trivial. We must dismiss foolish gossip and consider the memorandum upon its own merits. We must approach it, moreover, in a friendly feeling and in the spirit of candor and fairness. (The full text of the memorandum will be found at the end of the chapter.)

At the same time we must ask the Americans to purge themselves of the mawkish sentimentality which they are prone to entertain in discussing China. That

we must be sympathetic toward her, goes without saying, but sympathy, divorced from frankness and critical observation, contributes nothing towards the clarification of the Chinese question, much less towards its solution.

It is commonly conceded that one of the principal objects of the Chinese memorandum is to forestall the conclusion of any treaty affecting China without consulting her. It carries with it an unmistakable expression of displeasure over various treaties which vitally affect her, but which have been concluded without consulting her. Evidently, the Chinese delegates have in mind especially the Anglo-Japanese alliance of 1902 and 1905, the Russo-Japanese entente of 1907 and 1910, and the Franco-Japanese agreement of June, 1907.

No fair-minded man can be callous to China's contention that no treaty, affecting her interest, be concluded between Powers without first consulting her. At the same time, we must, in the name of candor and fairness, ask China to examine herself, and especially her past. We must ask her to consider her own condition in the past several decades, and see whether she can find reason to appreciate those instruments concluded over her head.

Toward the end of the nineteenth century China stood upon the verge of dismemberment. St. Petersburg, Berlin, Paris, Vienna, and London were seriously talking of the partitioning of China. When the curtain rose upon the twentieth century, the condition was going from bad to worse.

Only by the deadly blow Japan dealt to the imperial ambition of Russia in the titanic war of 1904-5, was the disruption of China prevented. But for that war where would China have been today? America was

friendly and sorry for China, but was no more willing to fight for her against Russia than for the Hottentots of Africa. England, though in alliance with Japan, did not care to fight. Had Russia had her own way, absorbed Manchuria and Mongolia, and encroached upon China proper, other powers would have surely followed suit in other parts of China.

It may be hard for China to admit this, but no unbiased historian can deny it. Japan, having defeated Russia, paved the way to an entente with her former foe, for she could not afford to fight Russia perpetually for the sake of China. Thus the Russo-Japanese entente of 1907 recognizes "the independence and territorial integrity of China, and the principle of equal opportunity in the commerce and industry of all nations in that country." The Franco-Japanese agreement of June, 1907, was concluded for a similar purpose. It has also been one of the main objects of the Anglo-Japanese alliance.

However distasteful to us it may be, we must admit that China's territorial integrity has been saved mainly because the Powers, by such instruments as I have mentioned, agreed not to destroy it. Cynical critics may regard those instruments as a manifestation of a sordid international jealousy. But the fact remains that had the Powers agreed to partition, and not to preserve, her, China would have ceased years ago to exist as an independent nation.

Frank admission of such facts on the part of China would be conducive to a harmonious and friendly understanding between her and the Powers. Once this is admitted, the interested powers may be willing to formulate at the present Conference a broad international understanding, in which China will of course be represented, and whose purpose will be to insure China's

existing integrity. I can see no reason why such an agreement should not replace numerous treaties and understandings which have in the past been concluded among the Powers over China's head.

While the Chinese delegates are urging at the Conference the abolition of extraterritoriality, the restoration of tariff autonomy, the removal of foreign troops, and so forth, what are the Chinese at home thinking about these things? Advices from various sources in the Orient indicate that they take little or no interest in the rights for which their delegation at Washington is fighting so valiantly. They are supremely indifferent to politics, whether domestic or international. Those of the Chinese who think deeply and dispassionately expect little from the Washington Conference, because they know that after all China's salvation must come from within. Mr. George E. Soks, the Shanghai correspondent of the *Japan Advertiser,* the American newspaper in Tokyo, gives what appears to be a correct estimate of the real sentiment among the Chinese concerning this Conference and the activities of the Chinese delegates here, when he writes as follows:

"The net result of all the agitation in China attending the Paris Conference was that the Chinese people became convinced that there was no short cut to the rejuvenation of China and that it would be a slow process in which only the Chinese themselves could take any active part. This is not what the foreign propagandists of either the Peking or the Canton government are saying, but it is largely so, as one can gather from the better class of the vernacular press and through conversations with leaders, not among the politicians, but among the merchants, bankers, industrialists, etc. . . .

"Nobody in China, except a few returned students,

takes seriously the demands for the full return to China of rights lost during the past century. These returned students are out of touch with their countrymen and view China as distantly as does the average foreigner. Many of them are unable to read Chinese. Some of the Chinese delegates to the Washington Conference are unable to read or write Chinese. They of course know English or French. But these languages are not known to the Chinese people. These returned students gauge politics in China from western standards. They seem to be altogether oblivious to the needs of their own people and the conditions of their country. It is an interesting comment on their ability to make themselves felt in China when one realizes that there is not a single returned student on any daily newspaper in Shanghai published in the Chinese language."

---

## TEXT OF THE CHINESE MEMORANDUM SUBMITTED TO THE FAR EASTERN COMMITTEE BY MR. SZE, NOVEMBER 16, 1921

In view of the fact that China must necessarily play an important part in the deliberations of this Conference with reference to the political situation in the Far East, the Chinese delegation has thought it proper that they should take the first possible opportunity to state certain general principles which, in their opinion, should guide the Conference in the determinations which it is to make.

Certain of the specific applications of the principles, which it is expected that the Conference will make, it is our intention later to bring forward, but at the present time it is deemed sufficient simply to propose the principles which I shall presently read.

In formulating these principles, the purpose has been

kept steadily in view of obtaining rules in accordance with which existing and possible future political and economic problems in the Far East and the Pacific may be most justly settled with due regard to the rights and legitimate interests of all the powers concerned. Thus it has been sought to harmonize the particular interests of China with the general interests of all the world.

China is anxious to play her part, not only in maintaining peace, but in promoting the material advancements and the cultural developments of all the nations. She wishes to make her vast natural resources available to all peoples who need them, and in return to receive the benefits of free and equal intercourse with them.

In order that she may do this, it is necessary that she should have every possible opportunity to develop her political institutions in accordance with the genius and needs of her own people. China is now contending with certain difficult problems which necessarily arise, when any country makes a radical change in its form of government.

These problems she will be able to solve if given the opportunity to do so. This means not only that she should be freed from the danger or threat of foreign aggression, but that, so far as circumstances will possibly permit, she be relieved from limitations which now deprive her of autonomous administrative action and prevent her from securing adequate public revenue.

In conformity with the agenda of the Conference, the Chinese Government proposes for the consideration of and adoption by the Conference the following general principles to be applied in the determination of the questions relating to China:

1. (a) The powers engage to respect and observe the territorial integrity and political and administrative independence of the Chinese Republic.

(b) China upon her part is prepared to give an undertaking not to alienate or lease any portion of her territory or littoral to any Power.

2. China, being in full accord with the principle of the so-called open door or equal opportunity for the commerce and industry of all the nations having treaty relations with China, is prepared to accept and apply it in all parts of the Chinese republic without exception.

3. With a view to strengthening mutual confidence and maintaining peace in the Pacific and the Far East, the powers agree not to conclude between themselves any treaty or agreement directly affecting China or the general peace in these regions without previously notifying China and giving to her an opportunity to participate.

4. All special rights, privileges, immunities or commitments, whatever their character or contractural basis, claimed by any of the Powers in or relating to China, are to be declared, and all such or future claims not so made known are to be deemed null and void. The rights, privileges, immunities and commitments now known or to be declared are to be examined with a view to determining their scope and validity and, if valid, to harmonizing them with one another and with the principles declared by this Conference.

5. Immediately, or as soon as circumstances will permit, existing limitations upon China's political, jurisdictional, and administrative freedom of action are to be removed.

6. Reasonable, definite terms of duration are to be attached to China's present commitments, which are without time limits.

7. In the interpretation of instruments granting special rights or privileges, the well-established principle of construction that such grants shall be strictly construed in favor of the grantors is to be observed.

8. China's rights as a neutral are to be fully respected in future wars to which she is not a party.

9. Provision is to be made for the peaceful settlement of international disputes in the Pacific and the Far East.

10. Provision is to be made for future conferences to be held from time to time for the discussion of international questions relative to the Pacific and the Far East, as a basis for determination of common policies of the signatory powers in relation thereto.

## CHAPTER XIV

## CHINA AT HOME AND AT WASHINGTON

*Washington, November 18, 1921:* The more closely one studies the Chinese "Bill of Rights" and the utterances of the Chinese delegates, the more apprehensive one becomes of their ability to "put it over" at this Conference. One cannot but fear that their pretentions may in the end alienate the sympathy of the well-informed, who, however friendly towards China, can not close their eyes to the unhappy condition prevailing in that country. Indeed one feels that China has hitched her wagon to a star, utterly ignoring its rickety condition. Whether this fear is justified we shall know before the Conference comes to an end.

Critics certainly are not lacking who think China's case is hopeless. Keen observers like J. O. P. Bland are dead sure about it. Such extreme views can not be shared by sympathetic critics. We think that China, in spite of many discouraging symptoms, is not hopelessly sick. With the sympathetic assistance of friendly nations, of which America must be the leader, China may turn a new leaf and become a united, orderly and organized nation.

China herself must admit that foreign assistance is absolutely necessary for her regeneration. Her memorandum intimates abhorrence of anything that savors of foreign interference. But she must know that foreign supervision in some of her administrative departments has conferred a great material benefit.

One of the most difficult problems for China is the readjustment of her finances. It is a matter of common knowledge that the Government at Peking has for years been upon the verge of bankruptcy. Today the monthly deficit of the Chinese Government amounts to $9,000,000. Its foreign debts, making due allowance for the recent fall in foreign exchange, exceed $2,000,000,000.

With a deficit of $9,000,000 every month, how does the Chinese Government manage to continue its existence? In the past it has existed mainly, almost entirely, by borrowing foreign cash in the most reckless manner. It has been ready to offer almost any concession for ready cash, for that has been the only means by which the Government could eke out an existence. Foreign money-lenders, including Japanese, have vied with one another in taking advantage of this condition, and offered money for railway or mining concessions.

One often hears superficial critics accuse Japan of taking undue advantage of China's financial chaos. But we must sympathize with Japan for her peculiarly difficult position in dealing with China. China sorely needs money, and she does not care where she gets it. Various factions—those in power at Peking as well as those opposing them—would say to Japan: "We want you to lend us money. You cannot afford to refuse. If you do not accommodate us, we will borrow from some other nation, and that would be detrimental to your prestige and influence in our country."

I know for one thing that the anti-Japanese policy of the Provisional Government at Canton is due to the fact that Japan does not advance any loan to it. The Japanese Government, having recognized Peking as the only legitimate government of China, does not care to carry water upon both shoulders. I know that the Sun Yatsen Government at Canton, while spreading

anti-Japanese propaganda, has at various times sent emissaries to Tokyo for the purpose of exacting money from the Japanese Treasury. I am absolutely sure that if Tokyo allowed herself to be coaxed, not to say blackmailed, to lend money, the anti-Japanese vociferations of the Canton Government will cease as if by magic.

Fortunately or unfortunately for China, the advent of the new International Consortium has put an end to reckless money-borrowing on the part of the Chinese Government. The interested Powers have agreed not to compete with one another in advancing loans to China. The international bankers think it unwise, under the present chaotic conditions in China, to make loans to Peking. The result is that the Chinese Government is at its wit's end.

I have before me the *China Year Book* for 1921-22. It says:

"The reorganization of the whole financial system of China, admitted by common consent to be a pressing necessity, still meets with insuperable difficulties, of which the unsettled condition of the country is not the least. Ever since the Chang Hsun coup in 1917, the authority of the Central Government has been merely nominal, even in those provinces which still recognize their allegiance to Peking. Little or no revenue, other than that under foreign control, ever finds its way from the provinces to Peking. On the contrary, the Government is constantly blackmailed by Tuchuns [military governors] and militarists for funds with which to pacify their huge standing armies, the pay of which is always in arrears."

This is the financial condition which confronts China as the representatives of the interested nations sit at the conference table at Washington and listen to the

high aspirations voiced by China's delegates. How are the friendly Powers going to meet that condition? It must be met somehow if their professed desire to help China means anything.

One thing the nations may do for China at this Conference is the cancellation of the balance of the Boxer indemnity. This will relieve China of a yearly payment of some $8,877,000 Mexican.

Another thing the Conference may do is to raise the customs tariff. China's annual receipts from import duties amount to some $60,000,000 Mexican, almost all of which is devoted to payments on foreign loans. If the present tariff, which was fixed more than twenty years ago, is revised equitably, this revenue will increase at least to some $100,000,000.

I wish Japan were in a position to propose at this Conference the cancellation of the Boxer indemnity and the revision of the tariff. Due to her delicate relations with China, Japan would hesitate to offer such proposals, for she is afraid of those ill-advised men who would impute ulterior motives to every movement Japan may make. These men may interpret such proposals, if made by Japan, as a sop to placate China. In the opinion of authoritative Japanese, the United States should assume leadership in finding means for the alleviation of China's financial strain.

Granted that the Conference agrees upon the cancellation of the Boxer indemnity and the increase of the tariff, will China rise to the occasion and make honest endeavor to set her finances aright? That is the big eternal question.

## CHAPTER XV

## CHINA'S CHAOTIC FINANCES

*Washington, November 23, 1921:* Five days ago I advocated the revision of the customs tariff of China, and ventured the prediction that America might assume leadership in securing this measure. I had reason to believe that Japan was in favor of revising the Chinese tariff so as to relieve the financial straits of the Government at Peking, but that she hesitated to proffer such a proposal because of her delicate diplomatic relations with China. America, I thought, was the only logical country to take the initiative.

The above prediction came true yesterday when Senator Underwood, on behalf of the American delegation, proposed that an investigation be made with a view to relieving China's financial strain by raising the rate of the customs tariff. The next movement America might make would be to propose the inclusion or admission of Chinese banking interests in the International Financial Consortium organized in 1919 under the leadership of Mr. Thomas Lamont.

The third step America might take for the alleviation of China's financial predicament would be to ask other powers to cancel the balance of the Boxer indemnity. In all these proposals America may count upon Japan's hearty cooperation.

Supposing that all such favorable measures were adopted for China through the good will of the nations

represented at this Conference, it would be a Herculean task to put her finances upon a sound base.

Let us consider China's national loans. Under the old imperial regime the indebtedness of the Chinese Government was small as compared with what it is today. Up to 1900, the indebtedness amounted to $278,775,000, while by 1910 it had increased to, roughly, $400,000,000. That was the position at the time the Republic was set up, soon after which China's indebtedness was again increased by an international loan (Reorganization Loan) of $125,000,000. The foreign debt had by 1914 grown to $550,000,000, but since that time loan after loan has been negotiated until today China's internal as well as external indebtedness is estimated to be many times that of her pre-Republican days.

According to the *China Year Book* for 1920-21, China's domestic and foreign loans amount to a billion dollars gold at the present rate of exchange. It is estimated that since the establishment of the Republic in 1911, China has been borrowing at the rate of $50,000,000 gold every year for no enterprise of productive nature but purely for administrative expenses.

The balance sheet of the Central Government of China shows enormous deficit. When Mr. Lamont was in Peking in April, 1920, Premier Chun told him that the monthly administrative expenditure of the Peking Government was $16,000,000 Mexican as against an income of $6,000,000. Here was a clear deficit of $10,000,000 every month. The *China Year Book* estimates the deficit for last year at $9,000,000 Mexican per month.

More recently, the *Yih Shih Pao,* one of the leading vernacular papers in Peking, stated that in October, 1921, the civil and military expenses of the Chinese

Government in arrears amounted to $145,730,000 Mexican, against which the only income in sight was $4,000,000, mostly from a new wine and tobacco loan. This newspaper gives the following table of the yearly revenue of the Chinese Government since the seventh year of the Republic, that is, 1918:

(1) Land Taxes, $85,000,000, of which the Central Government merely receives written reports, the cash being retained by the Provinces.

(2) Salt revenue, $80,000,000, of which nearly $75,000,000 has gone to the repayment of foreign loans while the balance has been mortgaged.

(3) Customs receipts, $65,000,000, practically all of which has been set aside for payments on foreign loans.

(4) Domestic customs receipts, such as city or provincial customs, $7,000,000, of which less than $6,000,000 has reached Peking.

(5) Taxes on goods, $34,000,000, all of which has been spent by provincial governments.

(6) Stamp duty, wine and tobacco duty and the sale of public properties, $21,000,000, most of which has been seized by the Provinces, so that only a little more than $7,000,000 has reached the Central Government.

(7) Other supplementary taxes, of which about $7,000,000 has gone into the Peking treasury.

The *Yih Shih Pao* also gives the following table for the expenditure of the Chinese Government:

(1) Reimbursements on national loans, $115,000,000 of which $70,000,000 is due to foreign and $45,000,000 to domestic loans.

(2) Civil expenses, $140,000,000.

(3) Amount drawn from the Peking Government by the provincial governments, $68,000,000.

(4) Military expenses, $210,000,000.

Under such circumstances the salaries of officials are always in arrears. Many officials receive no pay for five to ten months. Chinese custom requires the payment by all means of salaries of officials and allowances of soldiers before the autumn festival which this year fell on September 16. At that time salaries and allowances in arrears amounted to $25,000,000 Mexican. To tide over this difficulty the Peking Government appealed to the Association of Chinese Banks, and seems to have succeeded in raising at least part of the sum needed.

On July 20 this year the Chinese Government issued a domestic loan act, and tried to raise $30,000,000 by the aid of native bankers. But the security offered was not satisfactory, and the Chinese bankers have not yet taken action. This is clear evidence that the Chinese Government has lost credit among the native bankers.

The chaotic condition of China's financial affairs may be judged from the fact that General Wu Peifu, unable to get from Peking the necessary fund to maintain his army, has arbitrarily seized the receipts of the southern section of the Peking-Hankow railway, a government line.

Another instance. Up to July, 1921, the Treasury owed the office of the President $2,700,000. After repeated requests the President's office received a check for only $50,000, but even this the Bank of China refused to honor.

On August 26 this year the Army Department claimed the payment of $77,800,000, which has been in arrears for two years. Needless to say, this has never been paid.

[Seven weeks after this chapter was written, that is, on January 13, 1922, seven of the warships of the

Peking Government's navy left Shanghai for Shiherhwei, near Yangchow, in the Province of Kiang-su, the commanders announcing their intention of collecting the salt duties there to obtain money with which to buy food for their sailors. The crews of the vessels had received no wages for the last six months, and their officers asserted before sailing that their action was necessary to prevent the starvation of their men. Shiherhwei is the point at which salt is trans-shipped from the region north of the Yangtse River valley.]

The only secure income of the Chinese Government is the surplus of receipts from the Customs tariff and the salt gabelle, that is, the sum left after paying interest upon various foreign loans.

Now the foreign loans secured on the tariff and the salt gabelle reach the enormous sum of $1,230,000,000. Annual interest on these loans amount to some $70,000,000 which must be paid from the receipts from the customs tariff and the salt gabelle.

Up to 1916, there was no surplus from these receipts, but every penny had been paid for interest upon foreign loans. From 1917 to 1920, mainly due to the abnormal inflation of the value of silver, customs receipts increased phenomenally. The application of the new tariff rate in August, 1918, also contributed to the enhancement of the customs revenue. The result was that during those four years the surplus from the customs receipts ranged from $8,571,000 to $33,000,000. This was what relieved China considerably during the last few years. The postponement of the Boxer indemnity for five years from 1918 has also relieved the situation.

But the price of silver has again dropped, and customs receipts must decrease accordingly. It is estimated that the surplus from the customs revenue for

1921 will hardly reach $25,000,000. This amounts to only one-fourth the annual deficit of the Government. From next year, China will have to resume payment of the Boxer indemnity. How she will pay it is beyond our comprehension. To make the situation more difficult, even the surplus of the customs receipts has been offered as security for various internal loans amounting to some $182,000,000.

All this goes to show the great financial plight of the Chinese Government. Is it any wonder that China has defaulted on the $5,000,000 loan from the Continental and Commercial Bank of Chicago? Is it any wonder that even the bank notes issued by the Bank of China and the Bank of Communications, the two strongest government banks, have depreciated to such an extent that the natives have lost confidence in them? At this writing news comes from China to the effect that these two banks in Peking have surrounded their premises with forces of police and gendarmes to guard against the possible onslaught of the crowds gathered in front of the banks and clamoring for the redemption of the paper money in their possession.

## CHAPTER XVI

## THE TARIFF AND *LIKIN*

*Washington, November 24, 1921:* Preceding the adoption of Senator Underwood's motion for the increase of the maritime customs of China, Dr. Wellington Koo, on behalf of the Chinese delegation, presented a lengthy statement, arguing for the recovery of tariff autonomy by China. The Chinese delegates are not satisfied with Senator Underwood's proposal seeking an increase in customs receipts for the purpose of alleviating the financial strain of the Chinese Government. They want something more fundamental. They want the right to fix the rates of duties according to the discretion of their Government.

Tariff autonomy has two distinct aspects. The first is administrative, and the second concerns the fixing of the rates of duties.

First as to customs administration. How China lost the administrative autonomy of the customs is a pathetic but interesting story. Up to 1840, the local Viceroys and Intendants of Circuits collected customs duties. But the arbitrary, irresponsible, and corrupt methods usually employed by these functionaries called forth storms of protests from European merchants. Consequently, by the Nanking Treaty of 1842, it was agreed that foreign consuls should act as agents for the Chinese Government in the collection of duties. But the rapid increase of trade soon made it impossible for the consuls to discharge this duty efficiently. To meet

this condition, a board, consisting of the Intendant of the Circuit and three foreign representatives, was organized in Shanghai to relieve the consuls of their responsibility. This plan proved as unworkable as it was short-lived.

In 1854 the Chinese Government created the office of Inspector General of Maritime Customs and appointed a Britisher to it. But the real beginning of the present tariff administration dates from 1863 when the Englishman Mr. (later Sir) Robert Hart assumed charge of the office. In 1889, the Chinese Government agreed that the post of inspector-general be held by a British subject as long as British trade predominated in China. The staff of the maritime customs includes all nationalities whose countries have trade interests in China. Roughly speaking, the relative number of foreign employees is fixed according to the relative amount of trade of their respective countries. At present the customs service has a staff of 7,500 members, of whom 2,000 are foreigners and the rest Chinese.

All receipts from the customs tariff are deposited in foreign banks designated for the purpose by the bankers' commission. This commission allots the deposited sum to the payment of annual installments of the Boxer indemnity and of interest on various foreign loans secured on the custom.

This arrangement is not made for the benefit of the foreign banks, but for the protection of the Chinese Government. It clearly shows that the Customs Administration has not enough confidence in the Chinese Government authorities or Chinese banks to entrust them with the custody of customs receipts. That the Chinese Government itself recognizes the wisdom and safety of this arrangement was well proved when, in April, 1921, it asked Sir Francis Aglen, the Inspector

General of Customs, to assume the management of the Internal Loans Consolidated Debt Services, a new office organized for the purpose of protecting the interests of the bondholders. This measure was necessary because native investors had little confidence in the probity or efficiency of the Government.

As Dr. Koo explained before the Committee on Far Eastern and Pacific Problems, China does not propose to disturb the present status of customs administration at least for some years to come. For the present she is willing to forego the autonomy of management. As a Chinese writer, Mr. S. G. Cheng, frankly confesses, "So long as the loans and indemnities mortgaged on customs receipts are not redeemed by China, it will be difficult to get the foreign powers, who are distrustful of the Chinese on money matters, to consent to a restoration of the customs administration to the Chinese."

What Dr. Koo means by tariff autonomy is China's right to fix the rates of duties so as to give her a reasonable amount of revenue. The present rate is five per cent *ad valorem,* first fixed in the Nanking Treaty concluded with England in 1842 at the end of the opium war. When this treaty was revised in 1858, a tariff schedule, that is, a schedule of prices of imports, was annexed thereto. This schedule was revisable every ten years if requested by either country, so as to bring it up to the current market prices. Until 1902, neither China nor Britain proposed a revision, probably because there had been no substantial increase in the prices of merchandise. In that year, however, a revision was made, the prices adopted as the basis of revision being those prevailing in the three years 1897-99. The schedule thus adopted remained effective until 1918. In the meantime the prices of imports increased phenomenally, and yet China levied duties according to the schedule of

1902. When, in 1918, China entered the World War, one of the considerations she secured from the powers was the revision of the tariff schedule so as to bring it up to date. Thus a new schedule was adopted, which is still in effect.

This was a step towards equity, but the step was not long enough, for the old low tariff of five per cent *ad valorem* remained unchanged. "It should be observed," writes Mr. S. G. Cheng in his admirable *Modern China,* "that the revision of the schedule is a quite different thing from the revision of the tariff. The tariff of China is fixed for an indefinite period and is subject to no alteration so long as the treaty of 1858 remains in force. In any Western State which adopts a Conventional tariff the treaty, fixing the rates to be imposed on imports from another country, is only valid for a definite number of years and is terminable on due notice given by either side, but China is refused the right to alter her tariff so long as she has not the sanction of Great Britain. Moreover, the tariff, which was primarily enacted in favor of British trade has been made applicable to all the treaty States entitled to the most-favored-nation treatment in China, and the consequence is that it cannot be altered without the unanimous consent of thirteen States. The difference in temperament, in policy, and in interest has so far made it impossible for them to arrive at any unanimous conclusion, and China can do nothing but content herself with the fulfilment of her treaty obligations and with the loss of her fiscal independence."

The Chinese delegation contends that the rate of customs duties should be increased to 12.5 per cent after January, 1922, to give immediate relief to China's financial straits. It also asks the Powers to agree upon a maximum rate for China's import tariff, allowing her

to differentiate rates among different classes of commodities. (Appendix V.)

All this seems reasonable. And yet we feel that Dr. Koo was not entirely frank in telling China's story of woe. In reading the official résumé of his address before the committee, one is impelled to think that he showed only one side of the shield, guarding the reverse side from critical eyes.

That the autonomy of the tariff belongs to the sovereign right of China goes without saying. Right, however, is unthinkable apart from duty. No nation can assert its rights without performing its duties.

Has it occurred to the Chinese delegation that the recovery of tariff autonomy carries with it grave responsibilities which China is in honor bound to fulfill? Even the apparently simple proposition to increase the present rate of 5 per cent to 12.5 per cent cannot be carried out without imposing upon China an onerous duty which she will be unable to perform for many years to come.

What is that duty? It is the responsibility of abolishing the *likin* system, by which provincial authorities collect duties upon goods which enter into or go out of their respective provinces. These duties are a sort of transit duties. If an American merchant at Shanghai imports a sewing machine, for instance, he pays duty to the Maritime Customs at Shanghai, but once he transports the machine into the next province, he has to pay another duty to the provincial coffer. If he sends it to still another province, it means payment of another duty.

Now the most objectionable aspect of this *likin* system is that duties are not fixed by treaty, but are arbitrarily levied according to the needs or whims of provincial governments. In recent years, the civil au-

thorities in eigteen provinces and Manchuria have been superseded by military governors, who are engaged in perpetual fighting, the real purpose of which no one but themselves know. Since fighting means maintenance of soldiers and the squandering of money, the military governors have become more arbitrary than ever in collecting taxes and transit duties. When they are not fighting, they are absorbingly interested in lining their own pockets at the expense of innocent people.

How China hopes to reform this condition is not easy to see. The power and authority of the so-called Central Government of China hardly extends beyond the narrow territory adjacent to Peking. Few military governors respect it. All will complacently ignore any measure looking towards the curtailment of their authorities.

Dr. Koo states that the raise of the import tariff from 5 per cent to 12.5 is provided in the treaty with America, England and Japan. But we must know that this stipulated raise is predicated upon the fulfillment of the Chinese promise to abolish the *likin* system. The treaty with England, for instance, has this provision:

"The Chinese Government, recognizing that the system of levying *likin* and other dues on goods at the place of production, in transit, and at destination, impedes the free circulation of commodities and injures the interests of trade, hereby undertake to discard completely those means of raising revenue."

It seems hardly fair on the part of China to demand the increase of the tariff, completely ignoring the duty which she has promised to discharge. It is to be hoped that China will find a solution for difficult and complicated domestic problems, which are largely responsible for her unhappy foreign relations.

## CHAPTER XVII

## THE STIGMA OF EXTRATERRITORIALITY

*Washington, November 29, 1921*: Following up her "Bill of Rights" presented to the Conference two weeks ago, China has brought forth many demands one after the other in rapid succession. The more important of these are the abolition of extraterritoriality, the removal of foreign troops, foreign post offices, and foreign wireless stations, the restoration of tariff autonomy and the abolition of leased territories. These claims are receiving careful consideration at the hands of the Far Eastern Committee. To throw his influence on the Chinese side of the scale, Mr. Root, on behalf of the American delegation, presented to the Committee on November 20 a resolution setting forth the American principles of the open door and administrative integrity in China. There is no doubt that the Chinese case is having a sympathetic hearing.

At the same time the Powers cannot but view the present state of chaos in China with the utmost apprehension. That apprehension is expressed by the Far Eastern Committee when it accepted a few days ago China's request for the removal of foreign post offices only on condition that the Chinese Government promise "to maintain an efficient postal service," and to "make no change in the present postal administration so far as the status of the foreign co-director general is concerned." As a matter of fact, the Chinese postal service has been brought to its present state of efficiency

under the direction of a Frenchman assisted by a staff of foreigners. The Conference obligates China to continue this system. On various other questions similar pledges will, in all probability, be required of China.

The adjustment of Chinese questions, such as are now being discussed at the Conference, hinges in the last analysis, upon one central question, namely, the administrative efficiency and honesty of the Chinese Government.

Take, for instance, the question of extraterritoriality. Foreign nations would not be reluctant to forego extraterritorial rights if they felt fairly sure that the Chinese administration would be capable of protecting foreigners. Japan, for one, would welcome the day when foreign jurisdiction in China was consigned to oblivion. This was made clear in the Japanese memorandum to the Far Eastern Committee on November 20. And yet the Powers would hardly be doing justice, either to themselves or to China, if they were to accept the Chinese demand for immediate abolition of consular jurisdiction. Such a radical change, under the existing state of administrative disorganization in China, can only jeopardize the welfare of foreigners as well as the interests of the Chinese themselves. The consensus of opinion on this question among the foreign residents in China may be seen in the resolution adopted by a conference held in Shanghai last summer by all the British Chambers of Commerce in China. That resolution reads as follows:

"While sympathizing with the Chinese desire tc abolish extraterritoriality and realizing the benefits that would accrue by throwing the country open to residence and trade, this conference considers that it is essential to the preliminaries to surrender extraterritorial rights, the establishment of a stable government

K 17


and a satisfactory legal code with satisfactory arrangements for the administration thereof. This conference suggests that efforts be made to carry into effect an agreement whereby Great Britain will assist China in reforming her judicial system, in pursuance of articles of the 1902 treaty."

No nation can be more sympathetic towards China than Japan on the question of extraterritorial rights. Up to 1898 Japan herself suffered from the same institution which fixed upon her the stigma of inferiority. For twenty years, Japan's domestic and foreign policy had centered upon an endeavor to remove that stigma.

An impartial observer can not fail to notice a radical difference between the Japanese method and the Chinese tactics in dealing with extraterritoriality. Japan did not go abroad to air her grievances and demand its abrogation by foreign governments. Instead she stayed at home and devoted all her energies to the administrative and judicial reformation necessary to attain the desired end.

Had China emulated the Japanese method, she would have accomplished the same purpose long ago. Japan knew the futility of attempting to shake off the foreign yoke by anti-foreign agitation. The best way was to win the confidence of foreign nations by rehabilitating her own affairs.

The Japanese memorandum, submitted to the Conference on November 20, expresses the belief that "existing difficulties in China lie no less in her domestic situation than in her external relations." The significance of this statement may not have been fully realized by the other delegations. But the time will come when the world will heartily appreciate and endorse that statement.

China's salvation must come from within as well as

from without. It lies in the removal of obstacles she has placed in her own way, as much as in the lifting of the burdens imposed upon her by foreign nations. No more convincing evidence in support of this statement can be found than the following list of internal troubles which have taken place in China in the past one year. This list has been prepared after a careful study of Chinese newspapers:

(1) Fighting between Yunnan and Szechuan troops at Chunking. An English merchant was killed in the riot, and a British gunboat fired at the city. October 14, 1920.

(2) The troops at Hochien, Chihli Province, extorted money from native merchants and looted the fifty largest stores. October 31, 1920.

(3) Troops at Kaoyang, Chihli Province, demanded $100,000 of merchants, looted thirty neighboring villages and killed more than 100. November 17-22, 1920.

(4) In Hsu-chang, Honang Province, a mob, consisting largely of soldiers, looted 1,300 business houses, including the Bank of China and the post office. More than 40 were killed. November 1, 1920.

(5) At Kwei-yang, Kweichow Province, troops mutinied and plundered, and killed almost a hundred, including a bank president and a local magistrate. November 10, 1920.

(6) At Ping-kiang, Hunan Province, the troops shot the commander and plundered the city. November 14, 1920.

(7) The troops at Hwang-chow, Hupeh Province, extorted a large sum from local governors. November 18, 1920.

(8) At Chung-hsiang soldiers looted the stores. November 22-23, 1920.

(9) In Tienmen, Hupeh Province, troops had an orgy of looting. November 24, 1920.

(10) In Lin-hsiang, Hunan Province, troops mutinied and plundered. November 25, 1920.

(11) At Yangshing and Fuchikow, Hupeh Province, troops plundered the customs house and many business houses, and extorted large sums from the local magistrates and merchants. November 25, 1920.

(12) In Ichang, Hupeh Province, a mob of soldiers and coolies resorted to incendiarism and looted stores, including 14 Japanese business houses. Storehouse of a Japanese steamship company was burned. November 29, 1920.

(13) At Tayei, Hupeh Province, the troops mutinied and plundered. November 30, 1920.

(14) Troops at Chin-chun, Hupeh Province, extorted $9,000 from merchants. December 10, 1920.

(15) Soldiers at Changsha, Hunan Province, raided the government printing office where paper currency was made, and looted the neighboring cities. December 5-8, 1920.

(16) Troops at Yochow, Hunan Province, looted the railway station and stores, and interrupted train communications. January 25-27, 1921.

(17) At Hsinyu, Kiangsih Province, fighting took place between two rival generals, followed by the usual general looting. January 26-February 5, 1921.

(18) Troops at Pactingfu, Chihli Province, looted three thousand business houses. February 13, 1921.

(19) At Shen-hsien, a similar incident took place. February 22, 1921.

(20) At Shashi, Hupeh Province, the troops resorted to incendiarism and plundered stores, resulting in a damage of $10,000,000. February 23, 1921.

(21) At Changteh, Honan Province, two rival gen-

8556

De Paul University
CAMPUS LIBRARY

erals, with 30,000 soldiers, had a fight. April 14-22, 1921.

(22) At Chow-chia-kow, Honan Province, soldiers mutinied and looted, March 12, 1921. A similar incident happened at Sinyang. May 3, 1921.

(23) At Ichang, Hupeh Province, soldiers killed 800 and burned a large number of business houses. The tax offices, Bank of China, and Chamber of Commerce were looted. British, American and Japanese business firms suffered a heavy damage. June 4-5, 1921.

(24) At Wuchang, Hupeh Province, a mob of soldiers looted the government mint and printing office, and burned the Bank of China and other banks, as well as large business houses. More than 30 per cent of the homes were looted. The commander never punished the soldiers. June 8, 1921.

(25) Troops at Wuhu, Anhui Province, demanded $350,000 of the Chamber of Commerce, and got $70,000. June 2, 1921.

(26) At Hsiaokan, Hupeh Province, soldiers destroyed the railroad for two miles, cut telegraph wires, and interrupted communication on the Peking-Hankow railway for several days. August 25, 1921.

## CHAPTER XVIII

## CHINA DIVIDED

*Washington, December 19, 1921:* As the Conference is trying to solve the Chinese puzzle, disquieting news comes from Peking only to complicate the situation. The ministerial crisis in China, reported by Peking dispatches this morning, is fraught with grave significance. Although the fall of the Peking Cabinet has long been anticipated, it is especially unfortunate, coming at this moment when its representatives at Washington are striving to regain some of the rights which have been taken away from China because of her unstable, disorganized political condition.

To understand the present crisis at Peking, it is essential to keep in mind the factional rivalry which has harassed the country in the past ten years or more. This rivalry had been bad enough even before the fall of the Manchu dynasty in 1911, but the substitution of the so-called republic has made it infinitely worse. During the ten years that have passed under the republican regime, various factions have risen and declined. As the situation stands today the political factions in China may be grouped as follows:

1. Fengtien (Mukden) Faction:—Headed by General Chang Tsolin of Mukden, who is now in Peking trying to organize a cabinet to suit his policy. His "sphere of influence" includes Manchuria and Inner Mongolia.

2. Chihli Faction:—Headed by General Tsaokun

and General Wu Peifu, claiming as its sphere Chihli, Shensi, Hupeh, and Honan Provinces.

3. Anhui Faction:—Headed by General Tuan Chi-jui, former prime minister, and including Chekiang, Fukien, and Shantung Provinces under its influence.

4. Kwangtung (Canton) Faction:—Headed nominally by Dr. Sun Yatsen but really by General Chen Chien-ming, and claiming Kwangtung and Kwangsi Provinces as its sphere.

5. Kwangsi Faction:—Headed by General Lu Yun-tien, an ex-bandit. At present this faction controls only a section of Kwangsi Province, but a year ago it controlled the whole of Kwangsi and Kwangtung Provinces.

6. Semi-Independent Provinces:—Hunan, Kweichow, Yunnan, and Szechuen Provinces, each claiming a sort of autonomy.

The faction which is in the limelight at this moment is the first of the above-named six groups. General Chang who heads this faction is an ex-bandit, who does not know how to read or write. Nevertheless, he is a daring general, a crafty politician, a shrewd business man. In appearance he is more like a prosperous banker than a bandit-general.

Now General Chang finds a powerful rival in General Tsaokun, who heads the Chihli faction, and who has formed a coalition with General Wu Peifu now firmly entrenched in Hupeh Province. Up to July of this year, Hupeh Province was controlled by General Wang Chanyuan, who was generally believed to be General Chang's henchman. But last summer General Wang was driven out by General Wu, resulting in the extension of the influence of the Chihli faction in the Yangtse Valley. Naturally General Chang, the ex-bandit of Mukden, has been extremely uneasy and has

been scheming to check the growing power of the Chihli faction under General Tsao.

It has been persistently rumored in the last year or two that Dr. Sun Yatsen of the Canton faction has entered into an alliance with General Chang. No worse misalliance than this can be conceived. Dr. Sun professes democracy and constitutionalism and all that sounds high and advanced. General Chang has not a spark of modernism in his political creed and practice, and is a dictator worse than Yuan Shikai. How these two extremes can meet is beyond the comprehension of ordinary intelligence. General Chang is jealous of the ascendency of General Tsaokun and the Chihli faction, and he thinks that the best way to undermine their power is to shake hands with the Canton faction under Dr. Sun. Dr. Sun accepts the overture, because he, too, is anxious to eliminate the Chihli faction as a step towards the destruction of the Peking Government.

Seen in that light, the Peking dispatch stating that General Chang is urging the unification of the North and South becomes perfectly understandable. It means that General Chang wants to eliminate or undermine the Chihli faction under General Tsaokun, his arch rival, by the alliance of his faction and Dr. Sun's Canton faction. But Dr. Sun will make a great mistake if he thinks that the ex-bandit can be tamed at his hands. Just as the late Yuan Shikai eliminated Dr. Sun from the political stage after he had made the most of Dr. Sun, the ex-bandit of Mukden is sure to destroy Sun's influence once he has succeeded in overthrowing the Chihli faction.

The real difficulty which brought about the present cabinet crisis at Peking is financial. In my letter of November 23, I described the sad plight of the Chinese Treasury. Even the salaries of officials are in

arrears for many months. The Presidential office has not been getting any money for its current expenses. All government departments are clamoring for payments which have long been withheld.

Meanwhile, military governors are waxing fabulously rich. General Wang, who has recently been driven out from Hupeh Province by the Chihli faction, has amassed $2,500,000 during his eight years as governor of the Province. The people of the Province say that this sum was misappropriated by him, and are demanding its restitution to the provincial treasury. General Wang, unwilling to lose more than is absolutely necessary, has in turn informed the Central Government in Peking that it owes him $1,500,000. Last May, when he visited North China, he carried back with him $1,000,000 in Treasury Bonds with which to pay his officers and soldiers. The officers and soldiers, however, refused to take paper money, so General Wang sold the million for $500,000 in silver. He therefore asks that another $500,000 in silver be paid him by Peking, which would now find lodging in his own pocket rather than those of his former officers and men. In addition he announced that he used $1,000,000 gold of his own funds with which to run the Provincial Government, so that his bill to Peking is for $1,500,000.

General Wang is willing that the Government should have funds in spite of this, so kindly informs Peking that after the money is paid over to him he will found a bank and loan it back to Peking at 6 per cent interest!

## CHAPTER XIX

## JAPAN'S ATTITUDE

*Washington, December 30, 1921:* Many sympathetic critics think that Japan has lost a golden opportunity to assume leadership in the adjustment of Far Eastern affairs. Instead of taking the initiative on important questions on China, the Japanese delegates have adopted the Fabian tactics of wait-and-see. As at the Paris Peace Conference, so at Washington, the representatives from Tokyo seem to lack freedom of action, waiting on their home government for instructions.

In the early stage of the Conference, the Japanese delegation submitted to the Far Eastern Committee a memorandum setting forth Japan's attitude towards the Chinese question. To an unbiased observer, the first impression of that statement is not unfavorable (see text of memorandum at the end of this chapter). It puts Japan on record as "adhering without condition or reservation to the principle of the open door and equal opportunity in China." It shows the Japanese delegation favorably inclined toward the abolition of extra-territoriality in China. It expresses a belief in the establishment of "policies and principles which are to guide the future actions of the nations," and avows non-interference in the domestic affairs of China. All these ideas are admirable.

Upon second thought, however, one feels that the Japanese statement lacks definiteness and that it is

couched in language repeated only too often in such documents. Perhaps this is indicative of the general attitude of the Japanese delegation. The representatives of the Tokyo Government, it is understood, have been acting upon the idea that they are guests invited by the American Government, and that it would be improper for them to press a set program upon the Conference, and urge its adoption by the participating nations.

Now this attitude may seem to some proper and admirable. But it is not the attitude of leadership. Certainly it contributes little to the much-needed clarification of the Far Eastern situation

It would have been perfectly proper for Japan to set forth at the outset of the Conference just what she wanted to do with regard to China. This could have been done without offending any nation. Japan is indisputably the mistress of the Far East. This position has been recognized by all. Naturally the nations participating in this Conference had anticipated from her a definite, comprehensive, constructive program on the Far Eastern, and especially Chinese questions. Such a program should have been put forward by Japan before China presented her case on November 16. Japan was in a position to know what problems were China's most serious concern. Why did she not come out at once with a definite program for the adjustment of those problems? Her unnecessary diffidence, instead of producing the effect expected by her, has created a cause of misunderstanding.

Japan's Chinese program, if formulated at the beginning of the Conference, should have been more specific than the Chinese or the American formula. It should have taken up such matters as foreign troops, foreign post offices, foreign leaseholds, extraterritoriality, the

revision of the tariff, the rehabilitation of finances, in all of which China is apparently interested. In formulating such a program, Japan should have been liberal and generous and stated in no equivocal terms just how far she was prepared and willing to go in the interest of China and for the adjustment of those problems, just as Mr. Hughes told in his naval program how far America was ready to go in the reduction of tonnage. Had the Japanese delegation put forth such an all-embracing yet specific plan soon after Mr. Hughes' naval proposal, it would have been accepted by other delegates as the basis of deliberation.

Instead of following this logical course, Japan has allowed China to steal a march upon her, thus assuming an entirely defensive position. Even a most friendly critic can not deny that the Japanese memorandum of November 20, though good enough as far as it goes, sounds weak and pointless. As the Chinese delegation brings forth demand after demand before the Far Eastern Committee, the Japanese are busy digging trenches to defend their position.

Even the Shantung question could have been included in such a general program as I have suggested, and discussed before the full Committee on Pacific and Far Eastern Problems. To one unaccustomed to diplomatic finesse, it is difficult to see much difference between discussing the Shantung problem as a part of the Conference program, and discussing it, as it is being discussed, between the Japanese and Chinese delegations before the official "spectators" of Britain and America.

It is said that the American Government is not in favor of bringing the Shantung question before the Conference, and that in certain high quarters resentment has been expressed towards the Chinese delegation which has been clamoring to bring it up before

the Conference. The American Government fears, it is said, that the injection of the Shantung controversy into the Conference may embarrass the European delegations which, in the Versailles Treaty, had agreed to confer upon Japan former German rights in Shantung. This apprehension would have had its reason, had Japan insisted upon holding all the properties and rights given her by the Versailles Treaty.

But Japan has long since decided to give up most of the former German possessions and rights to which she has fallen heir. Japan had come to this decision and had announced it to the world more than two months before the opening of the Conference. She is absolutely convinced of the fairness and generosity of the terms of the Shantung settlement she has offered to China. Why, then, should she hesitate to take the offensive and place those terms before the full Committee? The offensive could have been taken without offending anybody. By showing themselves too cautious and too diffident, the Japanese have invited the suspicion which they do not really deserve.

After all has been said and done, however, it seems fair to admit that Japan has proved herself conciliatory and willing to cooperate with the other Powers in the adjustment of various problems in which Japan is most vitally interested. Of all foreign nations Japan has the closest political and commercial relations with China. Being China's next-door neighbor, she is most deeply concerned with the present uncertain political condition in China. There are some 171,500 Japanese in different commercial centers in China, while Britishers and Americans number but 13,200 and 6,660 respectively. Yet Japan has agreed to abolish her wireless station and post offices in China along with

those established by other nations, and to remove her soldiers from Chinese soil.

As to the Japanese troops in China, a few words of explanation are pertinent. The Japanese barracks at Hankow, the most thriving commercial center on the Yangtse River, has been a target of severe criticism. At present there are some 500 soldiers stationed there. The Japanese troops were sent there in the fall of 1911 when the fighting between the Peking forces and the southern revolutionary forces threatened the safety of foreigners. When the revolutionary war ended, for the time being at least, Japan might have withdrawn them. But some Japanese leaders advocated their continued retention upon the ground that internal troubles on the Yangtse still spelled danger to foreign lives and property. Nevertheless, public opinion in Japan has not been in favor of this policy. Unquestionably these troops will be removed in accordance with the pledge which has been given to the Conference by the Japanese delegation.

Another point where Japanese troops are stationed is Shantung, where they are employed as railway guards. The main railway is 245 miles in length, and has a few short branch lines. The present Japanese force protecting these lines consists of some 2,500 soldiers. They are what remains of much larger forces sent to Shantung in 1914 to dislodge the Germans from that Province. They have remained there pending the conclusion of negotiations between China and Japan as to the final disposal of former German rights.

These troops would have been removed two years ago had China accepted the Japanese invitation to discuss the Shantung question in a friendly spirit. When the Peace Treaty came into effect in January, 1919,

Japan immediately addressed to China a note containing this passage:

"It is the intention of the Japanese Government to withdraw the Japanese troops from along the Shantung Railway as a matter of course upon an agreement between the two Governments with regard to the disposition of Kiaochow. In fact, the Japanese Government wished to withdraw the troops as speedily as possible even before an agreement was entered into; but, in the absence of any competent force to assume the duty of guarding the railway after their evacuation, they were constrained to keep those troops temporarily stationed there in order to insure the security of communications and to safeguard the interests of Japan and China, who are copartners in a joint enterprise. The Japanese Government, therefore, hope that the Chinese Government, appreciating the intentions of the Japanese Government, will promptly organize a police force to replace the Japanese troops guarding the railway, even before an agreement is reached as to other details."

There is not the slightest doubt that these troops will be withdrawn as soon as the Shantung question is settled. Happily there is every reason to believe that this question will be disposed of before the end of this Conference.

---

## THE JAPANESE MEMORANDUM SUBMITTED TO THE FAR EASTERN COMMITTEE, NOVEMBER 20, 1921

1. It seems to the Japanese delegation that existing difficulties in China lie no less in her domestic situation than in her external relations. We are anxious to see peace and unity reestablished at the earliest possible moment, but we want to avoid all action that may be construed as an intervention in the internal affairs of

China. All that this conference can achieve is, it seems to us, to adjust China's foreign relations, leaving her domestic situation to be worked out by the Chinese themselves.

2. The Japanese delegation wishes to assure the Chinese delegation and the Conference that Japan has every desire to cultivate the happiest relations with China. We are solicitous of making whatever contributions we are capable of toward China's realization of her just and legitimate aspirations. We are entirely uninfluenced by any policy of territorial aggrandizement in any part of China. We adhere without condition or reservation to the principle of "the open door and equal opportunity" in China. We look to China in particular for the supply of raw materials essential to our industrial life and for foodstuffs as well. In the purchase of such materials from China, as in all our trade relations with that country, we do not claim any special rights or privileges, and we welcome fair and honest competition with all nations.

With regard to the question of the abolition of extraterritoriality, which is perhaps one of the most important questions proposed by the Chinese delegation, it is our intention to join with other delegations in the endeavor to come to an arrangement in a manner fair and satisfactory to all parties.

We have come to this conference not to advance our own selfish interests, we have come to cooperate with all nations interested for the purpose of assuring peace in the Far East and friendship among nations.

3. The Japanese delegation understands that the principal object of the Conference is to establish in common accord policies and principles which are to guide the future actions of the nations here represented. Although we are ready to explain or discuss any problem which in the wisdom of the Conference is taken up, we should regret undue protraction of the discussions by detailed examination of innumerable minor matters.

## CHAPTER XX

## QUO VADIS

*Washington, January 23, 1922:* On December 19, I told my readers how General Chang, the ex-bandit of Mukden, set up a new cabinet with Liang Shih-yi as premier. Only twenty-five days later, that is, on January 15, there came to the fore General Wu Peifu, Inspector General of Hunan and Hupeh Provinces, demanding the resignation of the new cabinet in three days, and declaring that he was ready to appeal to force of arms if the premier declined to resign. This makes confusion worse confounded. The statesmen sitting around the conference table here are wondering what is going to become of China. They are wondering if the Chinese delegates, who are demanding so many things, really mean business, and expect their government to fulfill the obligations which the granting of their demands will naturally impose upon it.

General Wu's ultimatum to the new Cabinet is exactly in line with the forecast made in my letter of December 19. Wu is one of the dual leaders of the Chihli faction, and a strong rival to General Chang, the godfather of the new Cabinet. That is why Wu wants to overthrow the new Cabinet.

To one initiated in Chinese politics General Wu's new move is not at all surprising. He is simply emulating other generals who have done much the same thing. As an example, let me tell you what General Chang, Wu's rival, did four years ago. In the spring of 1918, this Manchu general, an ex-bandit, took possession of the Peking-Mukden Railway, financed and

superintended by British interests, to transport his soldiers to Tientsin. Upon his arrival in Peking, Chang, confident of his position, backed by his large force of soldiers stationed within hailing distance, demanded of President Feng the dismissal of the Cabinet, the appointment of his friend General Tuan as new prime minister, and the discharge of three military governors stationed in the Yangtse Valley. On top of these demands, Chang asked the President to create the new office of Inspector General of Manchuria and appoint him to that post.

When these demands were presented, what did the poor President do? He issued a lengthy "message" to the people, giving a painful recital of the chronic state of chaos in his country, and as usual invoked Heaven and Earth to witness the sincerity of his motives. He declared that the nation was faced with bankruptcy. Provincial remittances had ceased, foreign loans were no longer so easy as in the pre-war days, while military expenditure had doubled. Finally he bemoaned the fact that although he was nominally the chief executive of China his "orders are not obeyed outside the gates of the capital."

As for General Chang, he got almost all he demanded. Needless to say that he was appointed Inspector General of Manchuria, and has since become more and more powerful.

"Inspector General" seems to be the title favored by many military generals who think themselves powerful enough to exact additional power and money from the Central Government. In 1917, General Lu Yung-ting, who had risen to prominence from the unsavory class of freebooters, wrested from the Peking Government the high-sounding title and remunerative post of "Inspector General of the Two Kwangs." Even more

notorious a case of political blackmail is the exaction by General Lung Chi-kong of the profitable position of "Inspector General of the Mines of the Two Kwangs." A lieutenant of the late President Yuan Shi-kai, General Lung was sent to Canton by the deceased President in 1915 with instructions to suppress revolutionary activities there. When the Third Revolution came to an end by the sudden death of Yuan Shi-kai, the new administration at Peking desired to remove General Lung from Canton. But Lung had a formidable army which he threatened to employ in a manner by no means agreeable to Peking, should the Central Government deprive him of official honors. So Peking sought solution of the difficulty by the usual expedient of creating for the general the remunerative post of "Inspector General of Mines."

Early in 1918, a most glaring case of political blackmail was reported from Peking. When Yochow was captured by the Southern rebels in January, the Central Government sent General Feng Yu-hsiang to the South, authorizing him to combat the revolutionary forces on the Yangtse. The General started on his way, but when he arrived in Chi-chow on the Yangtse he refused, no one knows for what reasons, to proceed any further. On the other hand, he sent Peking telegram after telegram, all couched in dictatorial terms, urging the immediate suspension of hostilities between the North and the South. In a most arbitrary manner he detained six steamers of the China Merchant Navigation Company, exacted money from the revenue collecting offices in the neighborhood of Chi-chow, and commandeered $70,000 from the Salt Transportation Office and the Central Tax Office. And this is a general who had been very much admired by foreign missionaries because of his espousal of Christianity!

The significance of all these stories lies in the utter

helplessness of Peking in dealing with refractory generals and governors. If the Central Government fails to accommodate them, they point to the powerful troops under their command, which usually has a telling effect. The result is the creation of unnecessary offices, depleting the national treasury already heavily taxed. Unless this condition is radically altered it is idle to speak of efficient administration in China, let alone republican government.

The rival factions, eager to promote their own selfish interests, do not scruple at any scheme. If a clique wanted to upset the cabinet, it would accuse the Government of pro-Japanese policy, or anything that would sound plausible as a pretext for opposing the men in power. For that purpose, politicians and military chiefs often instigate students. Let us hear what J. O. P. Bland, a well-known British author and for many years an official of the Chinese Maritime Customs, has to say on this particular matter:

"The raw youths and school girls who periodically parade the streets of Shanghai, Tientsin, and Peking, demanding the execution of the Chiefs of Police or denouncing negotiations with Japan, may convey to the uninitiated observer a new and vivid impression of patriotic national consciousness, but those behind the scenes are well aware that all this fervor and ferment of turbulent youth is often skillfully stimulated by the opponents of the official clique in power at Peking for their own sordid ends. In the case of the student outbreak last winter [1920] at Tientsin, for instance, there is no doubt (I have seen documentary evidence of the fact) that the anti-Japanese processions and demonstrations were deliberately organized by paid agents, with a view to embarrassing, and, if possible, overthrowing, the Cabinet at Peking. The actual funds employed (some $200,000) were traced to the estate

of the late President, General Feng Kuo-chang, who died in possession of a vast fortune and a deep, unsatisfied grudge against his Prime Minister, Tuan-Chi-jui. In the present state of Chinese politics, the fact that Tuan and his adherents were maintained in power (at a price) by Japan, was quite enough to account for much of the fervor displayed by the Government's opponents on the subject of Shantung. Incidentally, it may be observed that the Shantung agitation has not been in any true sense a national, or even a provincial, movement. This, I think, is sufficiently proved by the fact that, in Manchuria, the Chinese—practically all Shantung men—have never organized any boycott or other manifestation of hostility towards the Japanese."

To all appearances, "civil war" in China has become a profession, and a very profitable profession, to the few military-political chiefs who manipulate it. Up to a year or two ago the Western public had been beguiled by a vigorous propaganda conducted by a coterie of foreigners. It had been misled to believe that all this chronic military contest in China was a clash between constitutionalists and reactionaries. It is nothing of the sort. It may have been such at the time of the first revolution of 1911. As it is today, this contest is nothing but a means of looting and plundering, and of enabling a few generals and politicians to roll in opulence and luxury.

All this impels us to ask, What is China? And whither is she going? With a well-known novelist one may say, "If winter comes, can spring be far behind?" May we hope that the dreary political winter which holds China in its grip today may eventually be followed by a spring where chaos will vanish before order, and discord will give way to harmony?

## CHAPTER XXI

## SOLVING THE RIDDLE

*Washington, January 30, 1922:* In my letter of November 18, I voiced the apprehension that China, in putting forth pretentious claims in the so-called "Bill of Rights," hitched her wagon to a star, ignoring its rickety condition. I feared then that her pretentions might in the end alienate the sympathy of the well-informed, who, however sympathetic towards her, could not close their eyes to the chaotic conditions prevailing in China. As I have watched the progress of the Conference and the drift of public sentiment in the past two months, I feel that my apprehension has been unfortunately justified.

Edwin L. James, Washington correspondent of *The New York Times,* seems to share this view when he writes on January 22 as follows:

"Indeed, it is fair to say that in Washington conference circles it is no longer fashionable to speak of the 'poor Chinese'; it is rather in style at this time to speak of the 'foolish Chinese.' In other words, there is less talk of the wrongs others have done to China and more talk about the wrongs China has done to herself.

"For the past week the American and British spokesmen have been insisting upon the fact that China cannot be saved from herself by outside nations; that she must work out her own salvation; that her present disorganization places a limit on what beneficial bargains may be made with her."

In writing these words, Mr. James certainly was not actuated by antipathy, much less by malice, towards China. His correspondence throughout the Conference shows that he is more sympathetic towards China than towards Japan. As an honest reporter, however, he has to report as he observes, and he could not fail to notice that sympathy for China has been waning.

Not only have the conferees intimated individually and in private their disillusionment or disappointment about China, but they have officially and as a body registered their disapproval of the presumptions of the Chinese delegation. The best example is the resolution adopted by the Conference in connection with the increase of the customs revenue of China. On November 23, Senator Underwood proposed that, with a view to giving the Chinese Government more revenue from the tariff, an inquiry be made as to how customs receipts could be increased. Acting upon this proposal the Committee on Far Eastern and Pacific Problems adopted, on January 20, a resolution recommending the conversion of the present virtual rate of 5 per cent *ad valorem* into an effective 5 per cent rate by revising the price schedule of imports, thus giving China a new revenue of about $46,000,000 a year. In adopting the above plan, the Committee was animated by genuine sympathy for the financial strain of the Chinese Government. At the same time it could not fail to take cognizance of China's failings, as numerous as they are grave. The most serious of these failings is the reckless waste of public funds by the warring military chiefs maintaining forces, whose size and strength are far beyond the needs of the country. Unless this condition is reformed, it would be worse than useless to give the Chinese Government increased revenue, much less the autonomy of the tariff. The recognition of

this fact resulted in the adoption of the following resolution:

"Whereas, the powers attending this Conference have been deeply impressed with the severe drain on the public revenues of China through the maintenance in various parts of the country of military forces, excessive in number, and controlled by the military forces of the provinces without co-ordination.

"And whereas the continued maintenance of these forces appears to be mainly responsible for China's present unsettled political conditions;

"And whereas it is felt that large and prompt reductions of these forces will not only advance the cause of China's political unity and economic development, but will hasten her financial rehabilitation;

"Therefore, without any intention to interfere in the internal problems of China, but animated by the sincere desire to see China develop and maintain for herself an effective and stable government, alike in her own interest and in the general interest of trade; and being inspired by the spirit of this Conference, whose aim is to reduce through the limitation of armaments, the enormous disbursements, which manifestly constitute the greater part of the encumbrance upon enterprise and national prosperity;

"It is resolved that this Conference express to China the earnest hope that immediate and effective steps may be taken by the Chinese Government to reduce the aforesaid military forces and expenditures."

When the resolution for tariff increase was adopted by the Far Eastern Committee, Dr. Koo thanked the Committee, but expressed the dissatisfaction of the Chinese delegation with the fact that its contention for the restoration of tariff autonomy was not acceptable to the Committee. Dr. Koo's remarks evidently went

against the grain of other delegations. Senator Underwood immediately arose and replied to Dr. Koo in this plain language:

"Any great government naturally wishes the time may come when she may control her own finances, notwithstanding that she yielded the control herself. So far as I am concerned, I gladly welcome an opportunity, when it can be done, of restoring to China her entire fiscal autonomy; but I think it is fair to the subcommittee and to the members of this committee to say this—and it is in line with the resolution pending—that I am sure this subcommittee and the committee to which I am addressing myself now, would gladly do very much more for China along all lines, if conditions in China were such that the outside powers felt they could do so with justice to China herself.

"I do not think there was any doubt in the minds of the men on the subcommittee as to the question that if China at present had the unlimited control of levying taxes at the customs house, in view of the unsettled conditions now existing in China, it would probably work, in the end, to China's detriment and to the injury of the world, and I think that had more to do with the subcommittee not making a full and direct response to Dr. Koo's request than anything else.

"I am sure there was no desire on the part of the other powers to be selfish, or not to recognize the full sovereignty of China, and I only rose to say this, that if I am a judge of the situation, a judge of the temper of conditions in the balance of the world, I feel sure that when China herself establishes a preliminary government of all the provinces of China and dispenses with the military control that now exists in many of the provinces of China, so that the outside powers may feel that they are dealing with a government that has

entire and absolute free control of the situation, China can expect to realize the great ideals of sovereignty that she asks for at this table."

Let us now consider what the Conference has done for China. Some critics assert that the Conference has done little or nothing that is really beneficial to China. This is an extreme view. If the Conference has not done all that it should have done, it is not because it was unsympathetic towards China, but because it realizes that the existing conditions in that country do not justify a radical and sudden change by outside influence. Nevertheless the Conference has accomplished what no other international conference has done. The following list will show at a glance what it has achieved in the interest of China.

(1) Restoration to China of the former German territory of Kiaochow and other German rights in Shantung. Officially speaking this has been done outside the Conference, but to all intents and purposes it is one of the accomplishments of the Conference.

(2) Increase of the customs tariff from the present virtual 5 per cent rate to an effective 5 per cent rate by revising the schedule of imports. This will immediately give China an additional income of some $46,000,000 Mexican. When the Chinese Government has eventually abolished *likin,* additional 2.5 per cent will be levied, making a total rate of 7.5 per cent. (See Appendix V.)

(3) Abolition of foreign post offices after January 1, 1922, on the condition that the present foreign supervision of the postal service will not be disturbed, and that China will endeavor to maintain the same service in an efficient condition. (See Appendix IX.)

(4) Organization of an international commission to

inquire into the practicability of abolishing extraterritoriality in China. (See Appendix VI.)

(5) As to the foreign troops in China distinction has been made between those stationed in compliance with treaties, and those without the authority of any treaty. Troops stationed by treaty will remain. As to the other class of troops, the diplomatic corps at Peking will investigate and decide whether or not they can be removed without jeopardizing the lives and property of foreigners. (See Appendix VIII.)

(6) The question of foreign police will be dealt with in accordance with the same principle as the preceding.

(7) Wireless stations established in China by foreign governments will remain on condition that they will not handle private or commercial messages except when other means of electrical communication is interrupted by unexpected events such as internal disorder. (See Appendix X.)

(8) The Hughes resolution obligating the conferring Powers to list with the Secretary General of the Conference all the treaties and agreements between the Chinese Government and their respective governments or nationals. All future agreements with China are to be made known among the Powers. This publicity will protect not only China but the Powers interested in Chinese enterprises. (See Appendix IV-C.)

(9) The Root resolution to stop the creation of spheres of influence. (See Appendix IV-D.)

(10) The adoption of the Root formula, binding the powers represented at this Conference to respect the principles of the territorial and administrative integrity of China, as well as the open door and equal opportunity for all nations interested in China. (See Appendix IV-A.)

(11) The adoption of the Hughes resolution with a view to applying more effectively the principles of the open door in China. As Mr. Hughes puts it, this will make the open door a "fact rather than a motto." (See Appendix IV-B.)

(12) The Nine-Power Treaty embodying the foregoing three resolutions. (Appendix IV-F.)

(13) The Hughes resolution recording the hope of the conferring nations that the future developments of railways in China shall be so conducted as to enable the Chinese Governmest to effect the unification of the railways into a system under Chinese control with such foreign financial and technical cooperation as may prove necessary in the interests of that system. (See Appendix XII-A.)

All these measures are well conceived and helpful, but they will help China little, if she does not know how to help herself. As I have reiterated, China's salvation lies in her own determination and ability to reform her own conditions. Take for instance the question of tariff revision. If China wants to regain tariff autonomy, it is imperative that she should abolish *likin,* and prove the honesty and integrity of her officials, for it was primarily and originally administrative corruption as well as the cumbersome and arbitrary methods of taxing duties which caused China to lose the right to administer her own customs. Suppose that the Powers agreed to restore tariff autonomy to China under the existing circumstances. The increased revenue from the customs would simply stimulate the cupidity and peculation of civil officials and military chiefs, while the innocent populace would continue to suffer from arbitrary taxation and recurrent plundering and seizure at the hands of warring militarists and their undisciplined coolie-soldiers.

Suppose, again, that the Conference accepted the Chinese demand that extraterritoriality be abolished at once. The Chinese Government would prove utterly helpless in the face of complicated international troubles that would surely follow such a sudden and radical change. Under the present condition of administrative dislocation, how could China hope to protect foreign lives and property after the abolition of extraterritoriality? That she could not protect them has been more than amply proved by the abolition of Russian jurisdiction in the Russian railway zone in North Manchuria. Taking advantage of the helplessness of Russia, the Chinese Government in September, 1920, took over, by force of arms, administrative and judicial authority which had been exercised by Russia in the railway zone in Manchuria, which has a Russian population of some 180,000. As a consequence the Russians are groaning under an impossible medieval system of judiciary. According to a publication of a Russian patriotic society known as the Association to Recover the Rights of the Russians, whose headquarters are in Harbin, the Russian metropolis in Manchuria, the Chinese judges are so inefficient that they are unable to dispose of cases that are piling up upon their desks. Within a few months after the inauguration of the Chinese regime, no less than 5,000 cases accumulated with no prospect of decision. The Russian association also complained of the corrupt practices prevailing among Chinese judges. To make the condition worse, the Chinese police and railway guards who replaced the Russians in October, 1920, have no scruple in resorting to extortion and violence in dealing with the Russians in the railway zone.

Fortunately for China, Russia today is in no position to protest effectively against the abuse of Russians in

Manchuria. Should similar abuses be perpetrated in dealing with citizens of other countries in the event of the abolition of extraterritoriality, China would immediately be greeted with vigorous protests which, if not reasonably met, would surely lead to serious international complications.

There is another consideration. The abolition of extraterritoriality will not only expose foreigners to abuse, but will work against the interests of the Chinese themselves. One cannot but agree with an American correspondent at Shanghai, when he writes in the *Japan Advertiser,* an American journal in Tokyo, as follows:

"Should extraterritoriality be abolished tomorrow Chinese business men who try to find a way of protecting themselves against the rapacity of the officials, as well as the so-called politicians, would have to leave the country. The very men who are now demanding this abolition could not remain in China for a year when extraterritoriality becomes a thing of the past. Why do they all live in foreign concessions when they are out of power? Why is Sun Yatsen's residence at Rue Molière in the French Concession at Shanghai? That is no reflection on Dr. Sun; rather does it show that he has good judgment. But it is a reflection on those courageous Chinese youths from Columbia, Cornell, Harvard, Yale and other American universities who demand the return of all foreign rights in China but who will not remain in their own country to suffer for it and to improve it."

For some years an international effort has been made to rid China of the scourge of opium. The Chinese Government itself recognized its evil and prohibited the use of opium and the cultivation of the poppy. But everybody in China knows that the prohibition is simply nominal. As a matter of fact, no honest effort has

been made to execute the prohibition law. Even if the Chinese Government had the honest desire to execute it, it has no administrative organization whose probity and efficiency could cope with the task. It is now no secret that in most poppy-growing provinces, this material for opium is openly raised. In Fukien Province the Government authorities are officially encouraging this illegal practice. In some localities in Fukien the authorities are supplying the farmers with poppy seeds, and are compelling their plantation. In Canton Dr. Sun Yatsen, head of the Provisional Government, issued in the spring of 1921 an order to all the local magistrates of the Province, urging them to encourage the cultivation of the poppy, so that a thirty per cent tax could be imposed upon the farmers out of their profits.

All this leads us to the conclusion that the riddle of China cannot be solved by international conferences and agreements. After all, the riddle must be solved by China herself. In the meantime, however, the outside Powers must extend friendly assistance to any sincere effort which China may make for the rehabilitation of her conditions.

# *PART IV*

# THE NEW OPEN DOOR

# PART IV

# THE NEW OPEN DOOR

## CHAPTER XXII

## THE SPHERES OF INFLUENCE

*Washington, December 14, 1921:* The Chinese delegation has proposed that the spheres of influence set up by various Powers in different sections in China be abolished. This proposal comes within the scope of the Root formula adopted on November 20. The first article of that formula states that the Powers participating in this Conference shall respect the sovereignty, independence, and the territorial and administrative integrity of China. The second binds the nations, morally at least, to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity and the commerce and industry of all nations throughout the territory of China. Unquestionably the Chinese proposal will receive favorable consideration.

It is not easy to ascertain the territorial extent of the spheres of influence. But as generally understood by authoritative writers on the subject, they may be apportioned among four nations as follows:

| RUSSIA | Square Miles |
|---|---|
| Outer Mongolia | 1,000,000 |
| Sinkiang | 548,000 |
| Three-fourths of Manchuria | 273,000 |
| Total for Russia | 1,821,000 |

| GREAT BRITAIN | |
|---|---|
| Tibet | 533,000 |
| Sze-Chuan | 218,000 |
| Kwantung | 86,800 |
| Yangtse Valley | 362,000 |
| Total for Great Britain | 1,199,800 |

| FRANCE | |
|---|---|
| Yunnan | 146,700 |
| Kwangsi | 77,200 |
| Total for France | 223,900 |

| JAPAN | |
|---|---|
| South Manchuria | 90,000 |
| Fukien | 46,000 |
| Section of Shantung | 18,000 |
| Total for Japan | 154,000 |

Before the war Germany claimed the whole Province of Shantung, 55,000 square miles, as her exclusive sphere of influence. Of course, she was not satisfied with Shantung. In the empire scheme of the Wilhelmstrasse were included several provinces adjoining Shantung as ultimate German preserves. With that end

in view she was making steady inroads in the direction of the Yangtse Valley, the British sphere of influence. To prepare against this rising German tide in China was one of the reasons for the second and third Anglo-Japanese alliances.

Chronologically speaking, Germany was the first to initiate the idea of the sphere of influence in a formal treaty with China. In the Chino-German agreements of 1898 and 1911, it is provided that in the Province of Shantung the Chinese Government and merchants should give preference to Germany in the employment of foreigners or foreign capital, as well as in the purchase of foreign materials for railway and other important enterprises. Great Britain, in order to secure her position in the Yangtse Valley, entered into an agreement with Germany recognizing Germany's special position in Shantung and the territory north of the Yellow River, in return for which Germany recognized England's special interests in the Yangtse Valley.

This agreement was soon followed by a similar understanding concluded between Russia and England in 1899. This has been known as the Scott-Muravieff agreement. In this agreement Russia promised to confine her activities north of the Great Wall, and to recognize the British sphere of influence in the Yangtse Valley. In the meantime France secured the concession to build a railway from Indo-China to Yunnan, the capital of a southern province of the same name.

The pernicious effect of the spheres of influence is obvious. Each Power has intrenched itself in its own sphere, excluding therefrom enterprises of another Power or its nationals. This is especially true in railway and mining enterprises.

Let us explain this by a remarkable example. In 1916 the Siems-Carey Company of St. Paul, with the

financial backing of the American International Corporation, secured from Yuan Shi-kai, then President of China, a huge concession to finance railways of some 1,500 miles with an option for another 1,500. The construction work for these railways was to be given to the Siems-Carey Company. The contract did not specify lines. When the American concessionaires got down to business and tried to define routes for their projected railways, they had to face the stone wall of spheres of influence. First they tried to build a line from a point in the neighborhood of Kalgan, near Peking, to Lanchow through Shansi, Shensi, and Kansu Provinces. To this project Russia objected, because she had already secured a railway concession in that section. Then the Americans turned their attention to the South, and proposed to build a line from a seaport in Kwangtung Province to a point in Hunan Province. France immediately put her foot upon this project on the ground that Kwangsi Province was her sphere. After that the Americans launched a project to build a line in Chekiang Province, south of Shanghai. Here England protested against it because the Province was her railway preserve.

Of course President Yuan Shi-kai knew that the Americans would encounter this difficulty, but he did not care a straw about it. All he wanted was the advance of money which he expected to get from the American concessionaires for the privilege he had given.

The organization of the new International Consortium has been a step toward the abolishment of the spheres of influence. By pooling various railway concessions obtained by the Powers, this new financial organization will have the effect of obliterating the spheres of influence as far as railway enterprises are

concerned. Unfortunately, the International Consortium has been more or less in a state of abeyance, because China has not yet recognized it for two reasons. First, she has not been admitted into the Consortium and, therefore, feels justified in refusing to recognize it. Secondly, she contends that this financial organization deprives China of the freedom to borrow money in the open market. It is to be hoped that the admission of Chinese bankers into the Consortium will soon be forthcoming, with the result that China will see the wisdom of recognizing it.

As far as Japan is concerned, she is willing and ready to abandon her spheres of influence. She has already proved the sincerity of this intention by various acts. In Shantung she proposed in her memorandum to China September 7, 1921, that she would give up her preferential rights which were enjoyed by Germany and to which she has fallen heir by virtue of the Versailles Treaty. Again, in the course of the "conversations" now being held between the Japanese and the Chinese delegations on the question of Shantung, Japan reaffirmed the same proposal. Under the German regime, both the Chinese Government and the Chinese merchants in Shantung obligated themselves to purchase railway and other important materials exclusively from Germany. Japan has definitely waived this privilege. She has also turned over to the International Consortium three projected railways, which she contracted to finance in 1918, and for which she has already advanced $20,000,000 to the Chinese Government.

In Manchuria Japan is following the same course. She has turned over to the International Consortium two most important projected railways in Manchuria. One of the two lines runs from the interior of Manchuria to a port on the Gulf of Liaotung, and is likely,

if built, to compete with the South Manchuria Railway operated by a Japanese corporation. These two projected lines are the most important of the railways which Japan has contracted to finance. Yet she is willing to pool them in the interest of the International Consortium.

Because of their geographical advantage, the Japanese seem confident that they will not be defeated by any nation in a free economic competition in Manchuria, Siberia, or Shantung. For that reason they are not only unafraid of the "open door" principle, but are in favor of it.

In the past there were times when some of the Japanese leaders, especially those of the military type, urged the necessity of excluding foreign railway enterprises at least from South Manchuria. But this was mainly due to the Russian menace which had long been the nightmare of the Japanese. Today Russia's fate in eastern Asia is yet uncertain. Disorder and lawlessness will undoubtedly continue to prevail in Siberia for some years or decades to come. This condition must be considered in formulating Japan's policy in South Manchuria, especially with reference to railway enterprise, if she is to be the guardian of peace in that region.

And yet the menace of a disorganized lawless Russia will be more easily met than the menace of a gigantic military organization such as was the Czar's empire. Realization of this changed situation cannot fail to influence Japan's policy in Manchuria. There is reason to believe that in the future Japan will welcome foreign, and especially American, capital and enterprises in South Manchuria.

In the past few years events have moved swiftly in Japan. The political and diplomatic ideas that prevailed in the days of the late Premier Marshal Terauchi

no longer prevail in Japan today. This changed mental attitude of the Japanese leaders will gradually manifest itself in the modification of Japanese policy in Manchuria.

## CHAPTER XXIII

## THE HAY DOCTRINE

*Washington, January 17, 1922:* Today Secretary Hughes has presented to the Far Eastern Committee a resolution for the effective enforcement of the traditional American policy of the open door in China. This resolution, coupled with the Root formula adopted by the committee on November 21, will go down in history as the "Hughes-Root new open door doctrine" as distinguished from the "Hay open door doctrine."

Before considering the new doctrine, let us examine the Hay doctrine enunciated in 1899 and emphasized in 1900.

To those who look upon the Hay doctrine of the open door as the canon of American diplomacy in the Far East, it may be shocking to learn that Secretary Hay's open door principle was a recognition of the spheres of influence established by various powers in China. Contrary to the impression of the average American, Mr. Hay, in enunciating the open door, did not attempt to forestall the establishment of spheres of influence. Much less did he attempt to abolish the spheres already set up.

On the other hand, Mr. Hay accepted the inevitable, and recognized the spheres of influence. He satisfied himself by securing the promise of the interested Powers that within their respective spheres of influence no commercial discrimination would be allowed against any country. In September, 1899, Mr. Hay addressed

letters to American ambassadors at various European capitals, instructing them to notify the European Governments that the American Government stood for equal opportunities in China. In those letters Mr. Hay's open door doctrine was defined as follows:

(First) That no Power will in any way interfere with any treaty port or vested interest within any so-called "sphere of influence or interest" or leased territory it may have in China.

(Second) That the Chinese treaty tariff of the time being shall apply to all merchandise landed or shipped to all such ports as are within said spheres of influence (unless they be free ports), no matter to what nationality it may belong, and that duties leviable shall be collected by the Chinese Government.

(Third) That no power shall levy any higher harbor dues on vessels of another nationality frequenting any port in such sphere than shall be levied on vessels of its own nationality, or any higher railroad charges over lines built, controlled, or operated within its sphere on merchandise belonging to citizens or subjects of other nationalities transported through such sphere than shall be levied on similar merchandise belonging to its own nationals transported over equal distances.

The occasion for Mr. Hay's communication with European Governments on the question of the open door was the establishment in China of leased territories and spheres of influence by various European Powers. It was feared that in such territories and spheres discrimination with regard to railway rates, customs duties, and wharfage, might be practiced to the detriment of international commerce.

The principles enunciated by Mr. Hay were accepted by Great Britain, France, and Germany. There was, however, one European Power which was reluc-

tant to acquiesce in the Hay doctrine, and that was Russia. Upon receipt of Secretary Hay's note, Russia not only expressed herself in favor of reserving for herself the right to levy customs duty on foreign imports within her sphere but demurred to the American proposal with regard to harbor duties and railway charges.

In July, 1900, Mr. Hay again sent instructions to the American ambassadors in Europe, enlarging the scope of the first letters and coming out squarely for the maintenance of the territorial integrity of China. The occasion for this step was Russian encroachment upon Manchuria. The Boxer disturbance had supplied Russia with a plausible pretext to pour troops into Manchuria, although the country was little affected by the uprisings. Early in 1900, General Gribsky, Governor of Amur Province, massacred 5,000 defenseless Chinese near Blagovestchensk. The appearance of a few bandits in the neighborhood of Mukden was made an excuse for Russian troops to ravage the country and to butcher the Chinese in a series of so-called battles. The city of Kirin was soon occupied by Russian forces, and by August the treaty port of Newchwang had fallen into their hands. With characteristic audacity Russia seized the Newchwang customs house and hoisted her flag over it. At the end of 1900, the whole of Manchuria was under Russian military occupation.

The end of the Boxer disturbance did not end the Russian military occupation of Manchuria. In spite of repeated remonstrances of Japan, Great Britain and the United States, Russia still kept her troops in that country. But the protests of the Powers were so persistent that the Government of St. Petersburg was compelled in April, 1902, to sign an agreement with China consenting to evacuate Manchuria in 18 months. But

as the months passed it became evident that Russia had no sincerity to abide by that agreement. When the time to evacuate the important commercial port of Newchwang arrived in April, 1903, Russia not only refused to withdraw, but pressed upon China a series of new demands, principal among which were these:

1. China shall undertake not to open any new treaty ports in Manchuria or to permit new consuls without the consent of the Russian Government.
2. No foreigners except Russians shall be employed in any administrative capacity in Manchuria and Mongolia.
3. Russia will retain control of the telegraph line between important points in Manchuria.
4. The Russo-Chinese Bank, which is purely a Russian bank, shall continue its function as a customs bank.
5. All rights and privileges acquired in Manchuria by Russian subjects during the military occupation shall remain in force after the evacuation.

Alarmed by this critical situation, Japan, as early as the spring of 1901, approached Germany, England, and the United States with a view to securing their cooperation in checking the Russian absorption of Manchuria, but none would render any assistance to Japan. How pitifully inexperienced the Japanese diplomats were in those days may be judged from their childlike hope that Germany might do something to help her against Russia. In the light of authentic history, it is obvious that in those days Germany was secretly instigating Russia to expand in the Far East. Prince Bismarck once told Prince Von Bülow: "In Russia there is a serious amount of unrest and agitation for territorial expansion, which may easily result in an explosion. It would be best for the peace of the world if the explosion took place in Asia and not in Europe. We must

be careful not to stand in the way, otherwise we may have to bear the brunt of it."

England, though apprehensive of the Russian advance in the East, was not ready to render any substantial assistance to Japan in an attempt to check that advance. Even the United States, the very sponsor of the open door doctrine, declined to aid Japan. Had it not been for Japan's determination to fight Russia single-handed, the much-heralded open door proclamation would have become a scrap of paper. Had this come to pass other European Powers would immediately have followed Russia's suit and sliced for themselves large sections of China. In challenging Russia in 1904, therefore, Japan fought not only for her own existence, but for the integrity of China and for the open door doctrine of America.

And yet the defeat of Russia at the hands of the Japanese did not entirely remove the Russian menace in the Orient. After the signing of the Peace Treaty of Portsmouth no one realized this more keenly than the Japanese statesmen. They saw Russia feverishly fortifying Vladivostok on a tremendous scale. They saw Russia not only keeping by far the largest portion of Manchuria, but including Mongolia in her sphere of influence. Far from abandoning her empire scheme in the East, Russia only diverted her activities into Mongolia through which she hoped to reach and dominate Peking. After a sacrifice of 100,000 lives and a billion dollars in the titanic struggle that had just ended, Japan's position with regard to Russia appeared as precarious as ever. Especially were the militarists, who had faced the brunt of Russian onslaught, fearful of the Muscovite revenge which they thought not only possible but probable. What could Japan do but accept the inevitable and strengthen her foothold in

Manchuria to prepare herself against Russia's fresh aggression?

The Chinese revolution of 1911 furnished Russia with a golden opportunity to push her interests in Mongolia. The result was the Russo-Mongolian Treaty of October 3, 1912, establishing a Russian suzerainty over Mongolia.

England, ever on the alert to counteract the Russian advance, at once took action in Tibet. Beginning with Colonel Younghusband's spectacular expedition to Lhassa in 1905, she extended her influence in Tibet, and by 1912 there were stationed in that country at least 5,000 British troops. In that year she entered into a secret agreement with Russia, the two countries dividing Mongolia and Tibet as their respective spheres of influence. In February, 1913, England persuaded the Dalai Lama to borrow $10,000,000 from her and to purchase from her manufacturers all the arms and ammunition Tibet might need. The Lama also agreed to confer upon British capitalists right to exploit the mining and other natural resources in Tibet.

In the meantime, China, rent by revolution, was powerless to safeguard her interests in her outlying territories. She made only a feint of protest which was, of course, completely ignored.

The collapse of Russia as a great military power will render it easier to maintain and enforce the open door doctrine. Although at this writing the "Red" or "Pink" forces of the Chita Government are occupying Urga, the capital of Mongolia, they will undoubtedly be withdrawn in due time. If the Soviet Government at Moscow or the Republican Government at Chita is sincere in its espousal of all that is opposed to imperialism or militarism, it will not follow a policy of aggression in Mongolia or Manchuria. This cannot

but affect Japan's policy in South Manchuria. Under the Czarist regime the menace of Russian militarism was a nightmare of the Japanese. Consequently Japan had to formulate her policy in Manchuria from a strategical, no less than from an economic, point of view. In the future economic considerations will outweigh strategical, provided, of course, the professed pacifism of the new Russia does not prove a camouflage. Today Japan sees in Russia and China two great enigmas, each as perplexing as the other. But it is at least comforting to her that a nightmare has changed to an enigma.

Meanwhile, what will England do in Tibet? While Japan regards Manchuria as an integral part of China, England seems to look upon Tibet as independent of Chinese sovereignty. At a meeting of newspaper men a few weeks ago Baron Kato put Japan on record as believing Manchuria to be an integral part of China. No question has been raised as to the status of Tibet at any of the meetings of the Conference, but a member of the British delegation, in an interview with a *New York Times* correspondent, is reported to have expressed the belief that Tibet was outside Chinese jurisdiction.

## CHAPTER XXIV

## THE HUGHES-ROOT DOCTRINE

*Washington, February 1, 1922:* The fifth plenary session held today might well be called the "open door session," although part of it was also devoted to report on the limitation of naval armament. The session lasted almost four hours, three of which were consumed by reports on agreements and resolutions directly or indirectly bearing upon the question of the open door.

These agreements and resolutions, reported to the Conference by Secretary Hughes, may be summed up as follows:

1. The Hughes resolution for enforcing the open door.

2. The Hughes resolution for listing China's existing and future commitments.

3. The Root resolution for preventing the creation of spheres of influence.

4. Resolution for the removal of foreign troops and police in China.

5. Resolution for the abolition of foreign post offices in China.

6. Announcement that Japan and China had composed their differences concerning Shantung, thereby formally and definitely abolishing the sphere of influence which was originally established by Germany, and to which Japan succeeded by virtue of the Versailles Treaty of Peace.

7. Announcement by Mr. Balfour that, following

Japan's example, England would give up the leased territory of Weihaiwei in Shantung.

The five resolutions above mentioned had been adopted by the Far Eastern Committee at various times, and were reported to this plenary session only as a matter of form. These resolutions, together with the Japanese renunciation of Shantung rights and the British relinquishment of Weihaiwei, mark the beginning of a new era in the history of China. In the happy language of Secretary Hughes, they will make the open door "not only a motto but also a fact."

Nothing can be a more auspicious augury for the inauguration of this new era and for the practical enforcement of the open door doctrine than the Japanese withdrawal from Shantung and the British evacuation of Weihaiwei, thus eliminating two of five leased territories in China. The remaining three are the French territory at Kwangchow Bay, the British territory of Kaulung, and the Japanese territory of Kwangtung (Port Arthur and Dairen).

When, on December 3, the Chinese delegation argued before the Far Eastern Committee for the abolishment of leased territories, M. Viviani, the French delegate, was the first to respond, stating that France would give up Kwangchow Bay. This was followed by Mr. Balfour's statement that England might relinquish her claim to Weihaiwei, but could not abandon the Kaulung Peninsula. (See Appendix VII.) Mr. Hanihara, the Japanese delegate, announced that Japan would give up Kiaochow, the former German territory in Shantung, but was not in a position to consider the surrender of the Kwangtung territory on the tip of South Manchuria. (See Appendix VII.) After listening to the British and Japanese statements, M. Viviani made a second statement, qualifying the first

one and announcing that France would do as the other Powers did. This meant that France would hold Kwangchow Bay as long as Britain and Japan held Kaulung and Kwangtung, respectively. It is, however, likely that France will give up Kwangchow Bay, for she has no practical use for it.

There has been a vast difference between the European and the Japanese methods of acquiring Chinese territories. In the case of England and France, the leased territories were wrested from the unwilling hand of China. They involved no sacrifice whatever on the part of the Powers which acquired them. On the contrary Japan took neither Kiaochow near Port Arthur from China. She took Port Arthur from Russia after a titanic war waged to preserve China's integrity. To her that war meant a sacrifice of 100,000 lives and a billion dollars of gold. Again, Kiaochow was taken by Japan from Germany at a considerable sacrifice of lives and treasure.

The history of leased territories in China is an interesting, almost fascinating, study. England was the first to appear upon China's "happy hunting ground" of international rivalry for concessions. It was in 1861 that she leased the tip of the Kaulung Peninsula to protect Hongkong, as well as to extend her influence to Canton. Thirty-five years later this small leased territory was greatly enlarged. In those days France was not friendly to England, but was in alliance with Russia, the traditional enemy of Great Britain. Naturally the Quai d'Orsay closely watched every move taken by England on the political chessboard of China. When, therefore, England obtained the lease of the Kaulung Peninsula, France saw the necessity of counteracting it by leasing a territory on the coast of South

China. The result was the French lease of Kwangchow Bay in 1898.

In seeking concessions and establishing spheres of influence in the South, France cooperated closely with Russian activities in North China. It was the time when the chancelleries of Europe were contemplating the possible disruption of China, each eager to stake out for itself as wide a territory as possible. Russia was busy absorbing China's outlying possessions in the North. The empire builders of St. Petersburg were dreaming of the day when the Czar might wield his scepter not only over Mongolia and Manchuria but over Peking and even central China. In the attempt to realize that dream, Russia relied upon the cooperation of France which was operating in South China.

Indeed Russia and France agreed upon a policy the purpose of which was to effect a junction between their respective spheres of influence, and thus curb or split the British sphere in the Yangtse Valley. Every move was made with that end in view, France ascending northward from the South, Russia descending southward from the North. Various railway concessions obtained in China by Russia and France in those days were nothing but a part of that vast program. The French occupation of Kwangchow Bay and the adjacent territory had for its purpose the execution of that program.

Today the French position in South China has been greatly affected by the elimination of her partner, Russia, as an empire builder. Russia, by dint of her vast territory and great potential strength, may still be regarded with fear in Manchuria and Mongolia, but as far as her scheme of joining hands with France in Central China is concerned, it has been destroyed beyond any hope of resuscitation. With the destruction of the

Russo-French empire scheme, the *raison d'être* of the Kwangchow leased territory is gone. In this fact can we not see the reason why M. Viviani so readily offered that territory to China?

The surrender of Kiaochow and Weihaiwei by Japan and England, respectively, has a significance much greater than can be gauged by their area or the material benefit they may confer upon China. The British territory of Weihaiwei has an area of 285 square miles, and the Japanese territory of Kaiochow 200 square miles. In the vast dominion of China they are but specks of land. But their restoration to China has a great moral and political significance. No one can fail to realize this fact who has even a slight idea of what the Powers were doing to China only a score of years ago. Up to the time of the Russo-Japanese War all European nations were thinking and talking of what they could take away from China. None of them even so much as whispered what it might give up in the interest of China. The Powers, one and all, virtually helped themselves to whatever appealed to their fancy or their sense of usefulness. Nothing drives this point home more forcibly to our minds than the following chronological table:

| | |
|---|---|
| England takes Hongkong after the Opium War | 1842 |
| China cedes Amursk to Russia | 1858 |
| China cedes Maritime Province to Russia | 1860 |
| England obtains lease of Kaulung Peninsula, opposite Hongkong | 1861 |
| France annexes three provinces in Cochin China | 1867 |
| France takes Tonking and Annam | 1885 |
| England takes Burma | 1886 |
| France secures right to extend the Annam railway to China | 1895 |

Cassini Convention, by which Russia secures the right to build railway through Manchuria..... 1895

England obtains lease of more territory on Kaulung Peninsula ..... 1896

Franco-British agreement for equal participation in railway building in Yunnan and Szechuan..... 1896

Russia organizes a bank (Russo-Chinese Bank) to secure control of China's economic resources ..... 1895

Russia rejects German participation in this bank..... 1895

Germany retaliates by seizing Kiaochow, which Russia had intended to lease .....November, 1897

Russia, through the dummy of a Belgian syndicate, secures concession to build the Peking-Hankow railway..... 1897

France secures concession for the Yunnan railway..... 1897

England declares the Yangtse Valley her sphere of influence .....February, 1898

France leases Kwangchow Bay ..... 1898

German-Chinese Convention leasing Kiaochow to Germany .....March, 1898

Russo-Chinese convention leasing Port Arthur and Dalny to Russia .....March, 1898

France declares South China her sphere of influence April, 1898

England, to make her position secure, recognizes the German sphere of influence in Shantung.....April 18, 1898

England leases Weihaiwei .....July, 1898

British-German agreement, recognizing England's special railway interests in Yangtse, and Germany's special position in Shantung and territory north of the Yellow River .....September, 1898

Italy demands lease of Sammun Bay ..... 1899

Scott-Muravieff agreement, by which Russia promises to confine her activities north of the Great Wall, recognizing British sphere of influence in the Yangtse Valley ..... 1899

China grants to Russia the exclusive right to construct railways in Mongolia ..... 1899

Even to the eve of the present Conference, the old diplomatic idea about China prevailed among the nations. Indeed it is no exaggeration to say that it followed the foreign delegations to the very door of the conference hall. It is the American leadership displayed at this Conference that the world has to thank not only for the birth of a new international ideal about China but for the practical application of that ideal. Thanks to that leadership, the Shantung controversy has been settled, not along the lines of old diplomacy, but in accordance with new ideals that have dawned with the Conference. Because of that settlement, Britain has also been obliged to give up Weihaiwei. All the Powers assembled at the Conference have bound themselves by agreements or resolutions not to return to the old practice of spheres of influence or special interests. They have obligated themselves, moreover, to abolish their post offices in China and to withdraw their troops from Chinese soil.

Pessimists may belittle the work of the Conference and say that it has done little that is really beneficial to China. But even they must recognize the tremendous and refreshing change that has come over the attitude of the Powers towards China. This change is no shadowy thing. It is as definite as it is real. Twenty years ago, aye, a few years ago the Powers were talking only of what they could take from China. Today they are talking of what they can give her. Certainly that indicates a vast moral progress. But that is not all. The Powers are not indulging in empty talk, but have actually begun to give China something substantial.

Perhaps it is not fair to give the Conference all the credit for the inauguration of this new era in international diplomacy with regard to China. We would do ex-President Wilson gross injustice if we were to

ignore the significant part he has played in awaking the international conscience from its slumber of centuries. Whatever may be said for or against his "Fourteen Points," it is impossible to deny that his idealism, and especially his conception of "self-determination," has been a great political factor in the adjustment of conditions not only in Europe but in Asia. It has cast a ray of hope in many a darkened corner of the world. It stirred the dormant consciousness of freedom and independence in the bosoms of peoples long oppressed by foreign overlords. To it was mainly due the Korean uprising of 1919, which happily convinced the Japanese that something was fundamentally wrong with their administration in Korea. The smoldering dissatisfaction in India, which may yet ignite a revolution, has derived its inspiration partly from Wilsonian idealism.

In the particular case of China, no one can fail to see that her resistance to Japanese pressure has been inspired and encouraged by the same idealism. But for that encouragement China would not have hung on to Shantung so tenaciously. True, Mr. Wilson, for reasons now obvious to all, had to give up his fight for Shantung at the Paris Peace Conference, but his opponents in the Senate stole his thunder, and took up the same fight where he left off. To the extent that the Wilsonian doctrine of self-determination was and has been an inspiration to China, we must credit Mr. Wilson with the satisfactory settlement of the Shantung question and all that it means to her.

Now let us consider the series of resolutions adopted by the Conference for the enforcement of the open door in China. Cynics may say that these resolutions are nothing new, that they will soon be consigned to desuetude, and that the foreign delegates will go home, accepting them only in principle but making mental reser-

vation to go their own old way in practice. I cannot share such cynical views. These resolutions, though valuable in themselves, must be considered in the light of the new spirit which has been injected into international diplomacy concerning China. That new spirit, already in practice, is, as I have noted, to give back to China some of the rights that have been taken away from her. The process of restitution has already begun.

Herein lies a significant difference between the Hay doctrine of the open door and the Hughes-Root doctrine. When, twenty-three years ago, the late Secretary Hay launched the famous doctrine, no nation took it very seriously. All chancelleries accepted it politely, but exercised their own sweet will which usually proved to be a bitter pill for China. None ever thought of giving up anything for China because of the Hay doctrine. Today this condition has changed signally. The Powers are now in responsive mood, and are willing to make the "open door" not a motto but a fact.

The novel method of launching the new open door adds to its efficacy. There is an important difference in psychological effect between addressing a note to foreign governments on the open door doctrine, and adopting that doctrine at an international conference convened especially for that purpose. A doctrine solemnly adopted by the conferring nations after free and frank discussions is not going to be easily forgotten or discarded.

But it is not in the method of adoption alone that the Hughes-Root doctrine differs from the Hay doctrine. As I have said in the preceding chapter, Mr. Hay accepted the inevitable and recognized the spheres of influence. Nor did he make any effort to forestall the

creation of such spheres. The Root resolution, attached to the Hughes resolution for the listing of China's commitments, definitely provides against the establishment of such spheres in the future. By listing and making public all treaties and agreements which China has made, or may hereafter make, as provided by the Hughes resolution, the Powers will be in a position to detect any agreement that may be detrimental to the principles of the open door. This is the application of the Wilsonian doctrine of "open covenants openly arrived at." Moreover, the Hughes resolution, as amended by Mr. Balfour, obligates China to notify the interested Powers of every treaty or contract which has been or may be concluded by the Chinese Government, central or local, with any foreign Power or its nationals. This is a new departure in the method of enforcing the open door. In the past China has shouldered no obligation in the effective execution of the open door doctrine. If the Chinese Government is efficient enough to perform this new duty effectively, there is little need of other Powers listing their agreements with China.

Another important feature of the new open door is the creation in China of a Board of Reference whose function will be to examine and pass judgment upon any question which may affect the principles of the open door and which may be submitted to it. The detailed plan for this board is to be worked out at the special conference, which will meet at Shanghai soon after the Washington Conference, for the purpose of revising the schedule of the Chinese customs tariff. This new idea was advanced by Sir Auckland Geddes, British delegate, and was adopted by the Conference. Such a board, if organized and established in Shanghai, as it surely will be, will prove a great ad-

vantage to British commercial interests in China, for Britain will unquestionably have a preponderating position on the board. Nevertheless, the British sense of honor and fair play can be relied upon in the execution of its duties. The British management of the Chinese customs and of the salt gabelle is a shining example of British probity.

## CHAPTER XXV

### JAPAN'S "SPECIAL INTERESTS"

*Washington, January 22, 1922:* The presentation by Secretary Hughes of the American conception of the open door before the Committee on Pacific and Far Eastern Problems awakens interest in what is frequently termed Japan's "special interests" in China. The "open door" is the antithesis of "special interest." Does Japan claim an exception to the general application of the American principles of the open door? What does Japan really mean when she says she has a "special position" in China or Manchuria?

As a matter of fact, these questions are not new. Ever since the exchange of the celebrated Lansing-Ishii notes in the winter of 1917, the public has heard much about Japan's special rights or interests in China. Those notes recognize that "Japan has special interests in China, particularly in the part to which her possessions are contiguous." Unfortunately no one seems to know just what is meant by Japan's special position in China. No definition has been given by any one. Neither the Japanese Foreign Office nor the American State Department has explained its meaning in plain, unmistakable language. If the Lansing-Ishii notes are to remain valid, and if America and other leading Powers are to recognize Japan's "special position" in China, it is of the first importance that we should have a clear understanding of that position.

The only attempt that has been made to clear the mystery surrounding Japan's special position in China is seen in the numerous documents which have passed between the American, British, and Japanese Governments concerning the International Consortium organized at the instance of the State Department for the purpose of financing the Chinese Government, and of pooling foreign loans for future economic enterprises in China.

When the Japanese Government was invited to join this organization, it feared that the new project might undermine Japan's "special position" in Manchuria. For that reason the Tokyo Government asked the other interested governments to endorse the following formula for Japan's self-protection:

"In matters relating to loans affecting South Manchuria and Eastern Inner Mongolia which, in their [Japanese Government's] opinion, are calculated to create a serious impediment to security of the economic life and national defence of Japan, the Japanese Government reserve the right to take the necessary steps to guarantee such security."

Mr. Lamont, the promoter of the Consortium, commenting upon the above formula in a letter addressed to the Japanese banking group, said that Japan's "special interests have, in our opinion, never had to do with economic matters." Thus Mr. Lamont intimated that Japan's special interests may be recognized for reasons other than economic.

On the other hand, the British Government, in a note addressed to Japan, May 19, 1920, was willing to "recognize the legitimate desire of the Japanese nation to be assured of the supplies of food and raw material necessary to her economic life and her justifiable wish strategically to protect and maintain the Korean

frontier." The British Government did not think it feasible to accept the Japanese formula, because it would create a Japanese sphere of interest wider than required by Japan's needs of national defense or economic existence. Nevertheless it was "prepared to subscribe to a written assurance to the effect that the Japanese Government need have no reason to apprehend that the Consortium would direct any activities affecting the security of the economic life and national defence of Japan." It also assured the Japanese Government that it could "firmly rely upon the good faith of the Powers concerned to refuse to countenance any operations inimical to such interests" of Japan.

The American Government, in a note addressed to Japan, on March 16, 1920, expressed much the same opinion. It stated that there was "no occasion to apprehend on the part of the Consortium any activities directed against the economic life or national defence of Japan." The note further said that the "recognition of the principle [set forth in the Japanese formula] is implied in the terms of the notes exchanged between Secretary Lansing and Viscount Ishii on November 2, 1917," and that the same principle had undoubtedly been recognized by other nations participating in the Consortium. "It is therefore felt," the note concluded, "that Japan could with entire assurance rely upon the good faith of the other two Powers associated in the Consortium to refuse their countenance to any action inimical to the vital interests of Japan."

Relying upon these assurances from the British and American Governments, Japan withdrew her formula. She was satisfied that these assurances, coupled with the provision of Article I of the inter-group agreement of May 11, 1919, sufficiently protected her safety. That article provides that agreements and options relating

to industrial undertakings in China, including railways, upon which substantial progress has been made, need not be pooled in the Consortium. Thus the scope of the Consortium is definitely limited to the financing of future undertakings in China, and, to use Lord Curzon's language, "was never meant to extend to established industrial enterprises."

Applying the above principle, and in accordance with the assurance given to the Japanese Government by England and America, the final agreement reached in May, 1920, disposed of the Japanese railways and railway enterprises in South Manchuria as follows:

I. Not to be pooled in the Consortium:

(a) South Manchuria railway and its branches, 698 miles. Owned and operated by Japanese.

(b) Projected line from Kirin to Huining, on the Korean boundary, about 277 miles. To be built and owned by the Chinese Government, financed by Japanese capitalists.

(c) Projected Kirin-Kaiyuan line, about 230 miles, running through territory contiguous to Korea. To be built and owned by the Chinese Government, financed by Japanese capitalists.

(d) Kirin-Changchun line, 79 miles. Owned and operated by the Chinese Government, financed by Japanese capitalists.

(e) Projected Changchun-Taonanfu line, about 180 miles. To be built and owned by the Chinese Government, financed by Japanese capitalists.

(f) Shinminfu-Mukden line, 36 miles. Owned and operated by the Chinese Government, financed by Japanese capitalists.

(g) Supingkai-Taonanfu line, 190 miles, partly in operation, partly under construction. Owned by the Chinese Government, financed by Japanese capitalists.

II. To be pooled in the Consortium:

(a) Projected Taonanfu-Jehol line, 470 miles. To be financed by Consortium for Chinese Government.
(b) Projected line from a point on the above line to a seaport, about 200 miles. To be financed by Consortium for Chinese Government.

These statements in the Consortium documents bring out two important points. First, Japan's special position is restricted to that part of South Manchuria which is contiguous to Korea. Secondly, it relates particularly to railway enterprises.

The above interpretation does not seem any too clear, but it is the clearest statement that has ever been made. Apart from the more or less vague "special position" as above interpreted, the Japanese enjoy no rights or privileges that are not equally enjoyed by other nationals in Manchuria or any other part in China. True, the treaty of 1915, resulting from the so called twenty-one demands, permits the Japanese to travel and reside, as well as to lease land for farming and commercial purposes in all parts of South Manchuria. But this privilege is by no means exclusive to the Japanese. By reason of the "most-favored nation clause," provided in China's treaties of commerce and amity with American and European countries, the above privilege can be participated in by all Americans and Europeans. If they do not take advantage of that provision, that is simply because they see no necessity or wisdom in going into the interior of that distant country to engage in farming or manufacturing enterprises.

It has been suspected that Japan has been enjoying the special and exclusive privilege of a low tariff for her goods entering Manchuria through the Korean boundary. She has also been suspected of discrimina-

ting against foreign goods in the matter of railway freight charges.

As to the first charge, it is true that goods imported into or exported from Manchuria through the Korean border enjoy a reduction of one-third of the regular Chinese tariff. But this applies to goods of any and all origin, and is not restricted to Japanese goods. This arrangement originated in the Russo-Chinese convention of 1907, which provided that "for the goods transported from Manchuria to Russia and from Russia to Manchuria via the Chinese Eastern Railway [Russian line] rates will be reduced by one-third as compared with the conventional tariff agreed upon by treaties." Nor was Russia the only country to secure this privilege from China. France enjoys the same privilege in Yunnan, and England in Tibet. Japan, from the necessity of meeting Russian competition, obtained in 1913 a similar privilege for goods entering Manchuria through the Korean border.

At the Washington Conference the above matter was brought before the Sub-Committee on the Tariff. At first, France vigorously insisted upon the continuation of the present preferential arrangement, but finally agreed to its abolition. Japan, on the other hand, was from the beginning favorably inclined towards its discontinuation. The consequence was Article VI of the Nine Power Treaty on the tariff, providing for the early abolition of the preferential tariff levied at the land and maritime frontiers of China (Appendix V-C).

The second charge concerning railway freightage is equally groundless. In March, 1914, the Japanese Railway Bureau, in conference with the Korean Railway and the South Manchuria Railway, adopted a measure by which all goods, Japanese and foreign, entering Manchuria via the Antung-Mukden line, were to be

carried at rates thirty per cent less than the regular rates. The underlying motive was to make the Korean and the Antung-Mukden railways the main artery of trade and communication between Japan and Manchuria and thus bring the two countries into closer touch. When this schedule for the Antung-Mukden route became applicable, American cotton merchants complained a great deal, not because the new rates were not applicable to their goods, but because American goods, on account of more convenient steamship service, were accustomed to enter Manchuria through the port of Dairen, and not through Korea and thence by the Antung-Mukden Railway. The Japanese railway authorities argued that the new schedule did not discriminate against American merchandise, and that it was through no fault of theirs that the Americans could not avail themselves of the advantages equally afforded to all traders. Yet the Americans continued to protest, urging that the South Manchuria Railway should adopt the same low rates for goods imported into Manchuria through the port of Dairen or Newchwang via foreign ships, so that such foreign goods should not have to compete at a disadvantage with goods entering Manchuria from the Korean side. In March, 1915, the American merchants won the point. Since then there has been no occasion for complaint on the part of foreign trading interests.

Japan has always adhered to the principles of the open door and equal opportunity, whether in Korea or Manchuria, in Shantung or any other part of China. Not only that, but Japan believes she has been instrumental in opening doors which were formerly closed by other nations.

Contrary to the assumption of many Americans, wherever Japanese enterprise extends its influence

American trade is certain to increase, and increase by leaps and bounds. A good example in the case is Shantung. Under the German regime, not an American nail was used on the Shantung Railway. Under the Chino-German agreements of 1898 and 1911, both the Chinese Government and merchants forfeited the right of buying in the open market foreign materials and machinery to be used in Shantung, but promised to purchase them from Germany. It was but natural that American railway materials and American machinery were completely barred from this province.

Japan has entirely reversed this exclusive German policy. In the five years from 1916 to 1920, Japan expended $10,397,000 gold on materials and machinery for the Shantung Railway—a sum almost equal to the original cost of the line. Of this amount about one-third, or $3,046,468, went to American manufacturers. The budget for 1921 calls for the purchase, mostly from America, of 18 locomotives, 293 thirty-ton coal cars, 11 passenger cars, and 12 cabooses. The above figures are only for purchases made directly by the Japanese management of the Shantung Railway, and do not include imports by private business firms.

Let us now turn to South Manchuria. Just as the Shantung Railway was built and equipped exclusively with German materials and rolling stock, so the Manchurian railways were built with Russian material and equipped with Russian rolling stock. Under the Russian regime, American trade in Manchuria was a negligible quantity.

The appearance of the Japanese there after the Russian war completely changed this condition in favor of American commerce. In the fifteen years from 1907 to 1919 the South Manchurian Railway Company, under Japanese management, bought American materials to

the extent of $93,790,000 gold. In addition American machinery and materials to the sum of $60,000,000 gold were imported to Manchuria in the same period by the leading business firms of Japan. In 1920, the South Manchuria Railway expended almost $20,000,000 for American materials.

Of 328 locomotives now used by the South Manchuria Railway Company more than 300 were imported from America. The company has 298 passenger cars, of which about 100 were made in the United States, while the remaining 198 were built of American materials in the shops of the company. Of 4,339 freight cars of the American pattern, 1,500 were imported from America. Recently the company has bought eight electric locomotives from America.

Turn now to Korea. Here we see the same progress achieved by American trade because of the advent of Japanese enterprise. In the decade following the inauguration of Japanese rule in Korea in 1903, American exports for that country increased twentyfold. In 1903, that is the year before the establishment of the Japanese protectorate, American exports to Korea amounted to only $199,188. In the next year, when Japan became the mistress of the peninsula, American exports to the same country suddenly swelled to $906,557 gold. By 1913 they reached the handsome figure of $3,920,000. Since then American export trade in Korea has progressed steadily. In the face of these indisputable facts, one wonders why some Americans talk so much about the closing of the door in Korea, Manchuria, or Shantung.

Much has been said about the great trade opportunities and vast commercial fields in China. But when we get down to brass tacks, American export trade to

China is not much more than one-sixth of American exports to Japan.

China is said to have a population of 400,000,000, but her purchases from America in 1918 amounted to only $43,000,000. Japan, with a small population of 60,000,000, bought in the same year $275,000,000 worth of American goods. In other words Japanese purchases of American goods are $4.50 per capita, while Chinese purchases amount to only 10 cents per capita.

It is generally known that America is Japan's best customer. At the same time, it is well to remember that Japan is by far the best customer of American goods in the whole Orient. But for the Japanese market, American trade in Asia must for many years to come remain a negligible quantity.

[Twenty-five days after this letter was written, Baron Shidehara, the Japanese delegate, in a statement (Appendix XIV) before the final plenary session of February 4, 1922, had this to say: "To say that Japan has special interests in China is to state a plain and actual fact." This is an interesting and significant statement. No one can deny the "plain and actual fact" that Japan is China's next door neighbor, that 170,000 Japanese live in China, and that in Manchuria in particular the Japanese have established enormous economic enterprises.]

## CHAPTER XXVI

## JAPAN IN MANCHURIA

*Washington, January 25, 1922:* The injection of the so-called twenty-one demands into the Conference naturally directs public attention to Japan's position in Manchuria. When the Chinese speak of the twenty-one demands, they mean, to all intents and purposes, Japanese rights in South Manchuria. Of the original Japanese demands of January, 1915, fourteen were accepted by China. Of these, the treaty and notes concerning Shantung have been discarded by the voluntary act of Japan, for the Japanese have adjusted the Shantung controversy independently of the agreement of 1915. What remains of the agreements, which resulted from the twenty-one demands, concerns Japan's rights in Manchuria.

Quite apart from the pro and con of the historic demands, it is essential for the public to keep clearly in view what Japan owns and what she is doing in Manchuria. Let us first of all take a glance at Japanese holdings in Manchuria. The Japanese Government holds under a 99-year lease Port Arthur and the adjacent territory (commonly known as the Kwantung Peninsula) about 1,203 square miles in area, that is 34/10,000ths of Manchuria, a country whose entire area measures 382,630 square miles. This lease expires in 1997. The South Manchuria Railway operates 698 miles of lines, and owns about 50 square miles of lands scattered along them. The lease of the railway, also

for 99 years, expires in 2002. Outside these small areas the Japanese, either governmentally or privately, enjoy no privilege that cannot be equally enjoyed by other nationals. Needless to say that the leased territory and the railway zone are open to the economic activities of the nationals of all countries.

Compare these Japanese holdings with those of Russia in North Manchuria. The Russian railways total 1,075 miles, while the lands appurtenant thereto have an aggregate area of 513 square miles. Moreover, Russia has the exclusive right to navigate the rivers in North Manchuria.

Under the Russian regime, the Kwantung leased territory was purely a military zone, covered with fortifications and bristling with arms. Port Arthur, a military and naval port, was closed to merchant ships. Even the port of Dairen was half devoted to the exclusive use of the navy. This condition has been completely changed by Japan. Soon after the Russian War Port Arthur was thrown open to commerce. Japan has not spent a single cent on the fortifications, mostly destroyed during the war of 1904. In fact Port Arthur, including the fortifications, has been converted into a sort of recreation ground, As for Dairen, it has become a commercial port, pure and simple.

The one outstanding economic and civilizing factor in Manchuria is the South Manchuria Railway Company. This company was organized in 1906 in accordance with the commercial law of Japan. Its authorized capital was $100,000,000, shares of which were equally divided between the general public and the Japanese Government. The Chinese Government was invited to take some of the shares allotted to the Japanese Government, but the invitation was declined on the ground that China had no substantial fund available for the

purpose. The Company operates 437 miles of the main line from Changchun to Dairen, together with six branch lines totaling 261 miles. In addition, it undertakes mining, iron works, marine transportation, management of lands and buildings in the railway zone, public works, sanitation and education in the same zone. In a word, the administration of the railway zone, except policing and judiciary functions, is entrusted to the Company.

These railway lands, though but specks in the vast area of Manchuria, have become centres from which the influence of modern civilization radiates into a country yet under the influence of mediævalism. The South Manchuria Railway Company has provided these lands with modern schools, hospitals, water works, sewerage, electric lighting and telephone systems, and well-paved roads. The cities and towns that have sprung up along the railways are more sanitary and better planned than perhaps any city in Japan. Especially impressive is the city of Dairen, the commercial metropolis of South Manchuria. Its streets are adorned with beautiful trees and lined with modern buildings, some of them quite imposing. It has up-to-date electric tramways and all other modern conveniences. Its hospital, its technical college, its normal school and public schools would do credit to any modern city.

At all the leading stations the South Manchuria Railway Company has established schools both for Chinese and Japanese children. In Mukden there is an admirable college, training both Japanese and Chinese for medical practice. In Port Arthur a school of technology has been organized for the benefit of Chinese and Japanese students. In 1917 the hospitals maintained by the Company treated about 1,388,000 patients, most of whom were Chinese. The traffic

department of the Company employs 7,800 Japanese and 3,000 Chinese in various official capacities, as well as 19,400 Chinese coolies for menial labor.

I have said that outside the leased territory and the railway lands the Japanese citizens enjoy no special rights or prerogatives. True, the treaty of 1915, resulting from the twenty-one demands, permits the Japanese to travel and reside, as well as to lease land for farming and commercial purposes, in all parts of South Manchuria. But this privilege is by no means exclusive to the Japanese. By reason of the "most-favored nation clause," provided in China's treaties of commerce and amity with American and European countries, the above privilege can be participated in by all Americans and Europeans.

President Hayakawa, of the South Manchuria Railway Company, in instructions recently issued to the officials and employees of the Company, defines the policy of the railway in these words:

"Towards all nationalities, we must observe loyally the principle of equal opportunity and be guided by the spirit of harmony and co-operation, and should demonstrate to the world the open and fair attitude of the Japanese people. Free competition is what we do expect and welcome heartily. We shall meet any and every competitor like a sportsman and should hope to win by merit only."

Under the Russian regime, American trade in Manchuria was not great. The appearance of the Japanese after the Russian War changed this condition in favor of American commerce. In the twelve years from 1907 to 1919 the South Manchurian Railway Company alone bought American materials to the extent of $93,790,000 gold. In addition, American machinery and materials to the sum of $60,000,000 gold were imported to Man-

churia in the same period by the leading business firms of Japan. In 1920, the South Manchuria Railway Company expended almost $20,000,000 for American materials. The Company has just adopted a gigantic improvement program which will call for an expenditure of $200,000,000 in the following five years. At least half of this sum will go to American manufacturers.

Under the Russian regime, the Manchurian railways were essentially military roads and were practically exclusively devoted to military purposes. The advent of the Japanese completely changed that condition, making the railways purely commercial. This is undoubtedly chiefly responsible for the rapid strides made by the trade of Manchuria. In 1908 the import and export trade of the country amounted to some 95,800,000 taels ($71,850,000). In 1919 this increased to 377,000,000 taels ($282,750,000). In other words, Manchurian trade increased almost fourfold in eleven years. In this phenomenal progress Dairen, Manchuria's commercial metropolis built by the Japanese, has played a great rôle. In 1908 this city, in respect of trade, occupied the fifth place among Chinese ports, and was preceded by Shanghai, Hankow, Canton, and Tientsin in the order named. Today it ranks second, preceded only by Shanghai.

The rapid commercial advance of Manchuria is largely due to the enormous bean industry, also created by the Japanese. Before the appearance of the Japanese, the natives of Manchuria barely eked out a living by planting small areas to beans. The demand for the pulse was restricted to their own localities, and the price was very low. Then came the Chino-Japanese War, and the Japanese, having realized the value of the Manchurian produce, became its most liberal purchaser.

So rapidly had Japanese purchases of the pulse and bean-cake multiplied that by 1899 they exceeded the total export to southern China. The Japanese knew how to utilize beans and bean-cake. The white, red, and small green beans—for there are six varieties of beans—they manufactured into various foodstuffs; from the yellow, black and large green beans they made bean-cake and bean-oil. The bean-cake they used as fertilizer and animal feed, and the bean-oil for culinary and other purposes. They found out that Manchurian beans could be laid down in Japan at less than it cost to produce the same varieties in their own country.

The Russo-Japanese War proved a golden opportunity for Japanese traders to establish direct business relations with the native producers of beans or native dealers in the commodity, thus doing away with the medium of foreign merchants in Newchwang.

Not content with developing the bean trade in the Far East, the Japanese in 1908 began to export the Manchurian product to Europe. To quote from a report of the Maritime Customs of China:

"It was in November, 1908, that Messrs. Mitsui & Co. made the first considerable trial shipment to England. The result was so satisfactory that an order for a large consignment followed, and in March, 1909, the first large cargo—5,200 tons—was landed in Hull. Contracts were at once made, as the suitability of the new oil seeds for many purposes became known and the good condition in which they arrived. During the season 400,000 tons were exported, almost all to England, and many of the large oil-crushing mills set their entire plant to work on the crushing of the beans, to the exclusion of cotton seed, linseed, and other oleaginous seeds. The supposed shortage of the flax and cotton crops in the United States and the anticipated

shortage of linseed in the Argentine, with the resultant scarcity of cotton and linseed products, found the English market comparatively unperturbed, for the reason that soya oil and cake can supply most of the requirements as well."

Twenty years ago the export of Manchurian beans and their by-products, bean-cake and bean-oil, was practically nil. Thanks to Japanese enterprise, this export from South Manchuria alone had by 1920 grown to some 95,000,000 taels ($71,250,000) in value.

The great significance of the part played by Japan in the development of the bean industry and trade of Manchuria was clearly foreseen by an American critic ten years ago when he said:

"It is a far cry from high diplomacy to the humble soya beans, yet we hold to the belief that the past and present commercial situation and ultimate solution of the vexatious Manchurian question is bound up in the control of this one product."

The rapid increase of Japan's exports to Manchuria is due, more than anything else, to the fact that of all countries she is the most liberal purchaser of the most important Manchurian product consisting of beans, bean cake and bean oil. In the last ten years or so 70 to 85 per cent of Manchuria's total exports have been to Japan. It is but natural that Japan should also sell to Manchuria more goods than other countries. The real basis of Japan's commercial success in that country, then, is nothing but the operation of the fundamental economic law that the country consuming the major portion of the exports of another country holds the most advantageous position in supplying its necessary imports. Moreover, the vessel, bound for Manchurian ports from Japan to carry back beans and bean-cake on their return trip, would naturally seek to fill

their hatches on their outward trip, thus facilitating the reduction of freight charges for goods from Japan to those ports to an extent impossible under other circumstances.

The above advantage has been mainly responsible for the rapid advance of Japan's export trade to Manchuria. Fifteen years ago the cotton goods trade of Manchuria was practically monopolized by England and America. England held the leading place in shirtings and yarns, while America was preponderant in sheetings, drills and jeans. After the Manchurian War, however, Japanese cotton goods entered the field, and have so successfully competed with their rivals that today most cotton goods used in Manchuria, except the finest kinds, are supplied by Japan. In 1917, Manchuria's total imports of cotton piece goods and yarns amounted to 38,825,603 taels ($29,119,202). These were followed by iron, steel, railway materials, and machinery supplied mostly by America. In other words, American trade in Manchuria today is represented by iron and steel in much greater magnitude than it was formerly represented by cotton goods.

## CHAPTER XXVII

## THE TWENTY-ONE DEMANDS

*Washington, February 3, 1922:* Yesterday Baron Shidehara, on behalf of the Japanese delegation, presented to the Far Eastern Committee Japan's official view of the so-called "twenty-one demands." Today Dr. Wang, of the Chinese delegation, replied to Baron Shidehara. Upon the close of the Chinese statement, Mr. Hughes presented American observations, thus bringing to an end the more or less academic discussion of the twenty-one demands. (Appendix III.)

Baron Shidehara's statement proved a surprise. In some quarters it had been expected that he would make laconic remarks, flatly refusing to discuss these demands. Quite to the contrary, the statement by Baron Shidehara was conciliatory in spirit and moderate in tone. The Japanese delegation, he declared, "cannot bring itself to the conclusion that any useful purpose will be served by research and reexamination at this Conference of old grievances which one of the nations represented here may have against another." Nevertheless, Japan was, he announced, ready to make the following concessions in the interest of international amity:

1. To throw open to the common activity of the International Financial Consortium, organized at the instance of the American State Department, the right of option obtained by Japanese capitalists with regard to certain Manchurian railway loans and loans to be secured on local taxes in South Manchuria.

2. Not to insist on the preferential right obtained by Japan in 1915 concerning the engagement by China of Japanese advisers in South Manchuria.

3. To give up definitely and with no reservation Group V of the so-called "twenty-one demands."

The burden of Mr. Hughes' observations is the reassertion of the stand taken by the Wilson administration at the time when China and Japan concluded treaties upon the basis of the twenty-one demands. That stand may be summed up as follows:

First, America cannot recognize any agreement which will impair her treaty rights in China.

Second, America cannot recognize any agreement impairing the political or territorial integrity of China, or the principles of the open door.

Japan contends, and justly, that none of the treaties and agreements resulting from the twenty-one demands violates the rights of the American Government or of American citizens in China. She contends also that the principle of the open door or the integrity of China has not been violated by those treaties or agreements. For what are the demands, and the final agreement growing out of them? To begin with, the name "twenty-one demands" is a misnomer. It was arbitrarily coined by an indiscriminate writer or writers for the purpose of misleading the public. When analyzed and grouped logically, those demands number 19 instead of 21, of which the last 7, constituting famous Group V, were not demands but suggestions. That the terms of Group V were not regarded as demands is seen in the following passage from the instructions sent to the Japanese minister at Peking by the Foreign Office at Tokyo on December 3, 1914, that is, forty-five days before the presentation of the demands.

"As regards the proposals contained in the fifth Group, they are presented as the wishes of the Imperial Government. The matters which are dealt with under this category are entirely different in character from those which are included in the first four Groups. An adjustment, at this time, of these matters, some of which have been pending between the two countries, being nevertheless highly desirable for the advancement of the friendly relations between Japan and China as well as for safeguarding their common interests, you are also requested to exercise your best efforts to have our wishes carried out."

Nevertheless, to the outside world these so-called "wishes" were, to all intents and purposes, nothing less than demands. We will, therefore, count them among the demands, and make the following table, comparing the original demands, 19 in reality and not 21, with the final agreements:

SUMMARIZED COMPARISON BETWEEN JAPAN'S ORIGINAL PROPOSALS, JANUARY 18, 1915, AND THE FINAL AGREEMENTS, MAY 25, 1915

| Original Proposals | Final Agreements |
|---|---|
| GROUP I | GROUP I |
| *Concerning Shantung** | *Concerning Shantung** |
| 1. China to assent to all agreements transferring to Japan former German rights and privileges. | 1. Accepted and embodied in the Treaty on Shantung, May 25, 1915. |

* Provisions concerning Shantung have been discarded by the Washington treaty signed between the Chinese and Japanese delegations, February 3, 1922.

| | |
|---|---|
| 2. China not to cede any part of Shantung to any third power. | 2. This proposal was not entered in the Shantung Treaty of May 25, 1915, but the principle was accepted by China in a note in which the non-alienation principle is applicable to all *foreign powers,* instead of to *third powers* as originally proposed by Japan. |
| 3. Privilege for Japan to build railway from Chefoo or Lungkow to a point (preferably Weihsien) on the Shantung Railway. | 3. Accepted by China and embodied in the Shantung Treaty, May 25, 1915. |
| 4. To open certain cities in Shantung to foreign trade. | 4. Accepted and embodied in the Shantung Treaty, May 25, 1915. |
| GROUP II | GROUP II |
| *Concerning Manchuria* | *Concerning Manchuria* |
| 5. Extension of the lease of Port Arthur and Dalny, and the South Manchuria Railway to 99 years. | 5. Accepted by China and embodied in the Manchuria Treaty, May 25, 1915. |
| 6. To allow Japanese to travel and reside in South Manchuria and Eastern Inner Mongolia, | 6. This proposal was only partly accepted. In the Manchuria Treaty of May 25, 1915, Japanese |

| | |
|---|---|
| and to lease or own land for farming and trade purposes in those countries. | are allowed to *lease,* but not to own, land in South Manchuria only. In Eastern Inner Mongolia only joint undertakings of Chinese and Japanese in agriculture are permitted. Likewise Japanese are alowed to travel and reside in South Manchuria, but not in Eastern Inner Mongolia. But China agrees to open in the near future suitable cities in Eastern Inner Mongolia for foreign trade and residence. |
| 7. To allow Japanese mining privileges in South Manchuria and Eastern Inner Mongolia. | 7. This proposal was not embodied in the Manchuria Treaty, May 25, 1915, but was accepted by China, with qualifications, in a note (May 29, 1915) from the Chinese Foreign Minister to the Japanese Minister to Peking. In that note China permits Japanese to work mines in ten mining lots in Fentien and Kirin Provinces (South Manchuria), but refuses to allow similar privileges in Eastern Inner Mongolia. |

| | |
|---|---|
| 8. China not to grant to a third power or its subject, railway concession in South Manchuria and Eastern Inner Mongolia, or to mortgage to a third power local taxes of those regions, without the consent of Japan. | 8. This proposal is accepted, not in the Treaty of May 25, 1915, but in a note (of the same date) from the Chinese Foreign Minister to the Japanese Minister to Peking. |
| 9. China to hand over to Japan the management of the Kirin-Changchun Railway for 99 years. | 9. This proposal was not accepted, but in the Manchuria Treaty, May 25, 1915, China agrees to revise various agreements relating to the Kirin - Changchun Railway on the basis of the terms of other foreign railway loans contracted by her. |
| GROUP III | GROUP III |
| *Concerning Hanyehping (Iron Mining and Iron Works) Company* | *Concerning Hanyehping (Iron Mining and Iron Works) Company* |
| 10. China not to dispose of rights and property of the Hanyehping Company without Japan's consent, and not to object to any agreement that may be made with a view to joint undertaking be- | 10. This proposal was not embodied in the Treaty of May 25, 1915, but its principle was accepted in a note (of the same date) from the Chinese Foreign Minister to the Japanese Minister to |

| | |
|---|---|
| tween the company and Japanese capitalists. | Peking. This note is couched in somewhat different language from the language of the original Japanese proposal. |
| 11. The Chinese Government not to permit, without the Hanyehping Company's consent, the exploitation, by any person not connected with the company, of any mine in the neighborhood of the company's mines. | 11. This proposal was not accepted. |
| GROUP IV | GROUP IV |
| *Non-Alienation of Territory* | *Non-Alienation of Territory* |
| 12. China not to cede or lease to any third power any harbor or bay or island on the Chinese Coast. | 12. This proposal was not embodied either in treaty or note. |
| GROUP V. | GROUP V |
| *Miscellaneous* | *Miscellaneous* |
| 13. The Chinese Government to employ Japanese as political, financial and military advisers. | 13. This proposal was not accepted in the Treaty of May 25, 1915. But in the note (same date) from the Chinese Foreign Minister to the Jap- |

| | |
|---|---|
| | anese Minister to Peking, Japan is given preference in the employment of advisers in South Manchuria, but not in other parts of China. |
| 14. Privilege to own land in the interior of China by Japanese hospitals, churches and schools. | 14. This proposal was not accepted either in treaty or in note. |
| 15. In certain large Chinese cities where Japanese reside in considerable numbers, the police department, in order to avoid complications, to be jointly administered by Chinese and Japanese, or to employ Japanese police officers. | 15. Not accepted in treaty or in note. |
| 16. China to buy from Japan certain per cent of munitions used by China, or to establish a Chino-Japanese arsenal. | 16. Not accepted in treaty or in note. |
| 17. China to permit Japan to build Wuchang-Nanchang and Nanchang-Hangchow railways. | 17. Not accepted in treaty or in note. |
| 18. China to consult Japan before raising for- | 18. This proposal was not embodied in the |

| | |
|---|---|
| eign loans for mining, and railway and harbor construction in Fukien Province. | Treaty of May 25, 1915, but its principle was accepted in a note from the Chinese Foreign Minister to the Japanese Minister to Peking. |
| 19. China to permit Japanese subjects the same privilege of religious propaganda as enjoyed by other foreigners. | 19. Not accepted in treaty or in note. |

From the above comparison it will be seen that out of 19 demands (including seven "wishes") five were accepted in treaties, six in notes exchanged between the Chinese Foreign Minister and the Japanese Minister at Peking, while eight were rejected or withdrawn. Some of the demands were accepted only after considerable modifications.

Group V was virtually withdrawn in the later stage of the Chino-Japanese negotiations of 1915. It is now definitely renounced by the pronouncement of Baron Shidehara before the Far Eastern Committee. As a matter of history, however, it still is an interesting topic of discussion. When we look at those "wishes" coldbloodedly, we can see no reason why we should be excited even if China accepted them. In wish No. 1, Japan did not mean to prohibit China from employing advisers other than Japanese. She simply asked the Chinese Government to engage Japanese advisers along with advisers of other nationalities. Certainly this was no infringement upon the sovereignty of China. In 1915, China employed 1,105 Englishmen, 1,003 Frenchmen, 530 Germans, 463 Russians, and 174

Americans. While many of these served in minor capacities, some occupied high positions as administrators or advisers. Japan, whose destiny was most closely interwoven with that of China, had only 207 officials employed by the Chinese Government. In wishes No. 2 and No. 7, Japan asked only for the usual privileges enjoyed by the American or European mission boards. In wish No. 3, Japan wanted to cooperate in an effective way with the Chinese police in certain localities where her nationals resided in large numbers. In wish No. 4, Japan wanted to supply China with a certain percentage of arms required by the latter or to establish an arsenal in China as a joint enterprise between the two countries or their nationals. Certainly this was not a novel proposal. In No. 5, Japan wished to construct certain railways, and in No. 6, she wanted to establish a sphere of influence in Fukien, for in those days the idea of sphere of influence was still in vogue.

Such was Group V. Only to the subtle artist who knows how to make a mountain out of a molehill, may it appear a monstrosity destructive of China's sovereignty and independence. In saying this, I have no idea of defending those wishes, which I believe to be foolish and unnecessary. But I cannot help laughing at the credulous who swallow everything served out by propagandists, and pitying those who are addicted to seeing things at night.

The essence of the "twenty-one" proposals was the Japanese desire to secure the Japanese position in Manchuria and Shantung. Had Japan wisely confined herself to demands relating to those territories, that desire would have been more readily recognized by China. As a matter of fact, the Chinese Government, as early as February 12, 1915, that is, only twenty-four days

after the presentation of the Japanese proposals, offered to Japan a counter project, accepting practically all the Japanese proposals relative to Shantung and Manchuria. In that project China willingly agreed to extend to 99 years the lease of Port Arthur and Dairen, as well as of the South Manchuria Railway. She also agreed to recognize Japan's succession to former German rights in Shantung. All this is plainly written in the Chinese diplomatic document handed to the Japanese Minister at Peking on February 12, 1915, that is, about a hundred days before Japan had to resort to an ultimatum to end the parley which was unnecessarily protracted. By April 17, all the essential points had been agreed upon between the two governments, Japan having virtually withdrawn Group V, and having made further concessions in other respects. And yet China, for some incomprehensible reasons, sought to prolong the negotiations indefinitely. It seemed to the Japanese that something in the nature of an ultimatum was the only way to put an end to the unnecessary delay. That is Japan's justification for the ultimatum of May 7, 1915.

But the fact is on record that, more than three months before the ultimatum, China had in black and white agreed to extend Japan's leaseholds to 99 years In the face of that record, how can China say that the extension was wrested from her under duress, and upon that ground seek its annulment at an international conference?

China not only agreed to extend the terms of Japanese leaseholds in South Manchuria immediately upon the presentation of the Japanese proposals, but she recognized irrevocably all the treaties and agreements growing out of those proposals, when in 1918, that is, almost four years after the signing of the treaties of

1915, China took advantage of these treaties and asked Japan to advance a handsome sum on certain railway projects in Shantung. This negotiation was initiated by the Chinese Government. As a result the Japanese Government persuaded Tokyo bankers to advance $10,000,000 gold to China in September, 1918. By this deal China not only confirmed the validity of the treaties of 1915, but derived material benefit from them. Now she comes to Washington blandly disputing their validity. Is this not a cynical and sinister practice of diplomacy?

Unquestionably, the most important sections of the Chino-Japanese agreements of 1915 are those providing for the extension of the lease of Port Arthur and Dairen, as well as of the South Manchuria Railway. Those concerning Shantung have already been converted to dead letters through the Washington agreement just reached between the Chinese and Japanese delegations. Can it be that Japan's concessions with regard to Shantung have merely stimulated the cupidity of China whose delegation is now clamoring to invalidate the Manchurian agreements which she had willingly accepted?

It would be fine for China if Japan could be altruistic enough to withdraw immediately and completely from Manchuria. But this would be asking Japan to perform the impossible. No one can ignore the fact that the Manchuria soil she now holds and the vast territories around it were anointed with Japanese blood in the titanic war that was forced upon her by Russia because of the intrigue concocted by the late Li Hung-Chang. It is now a matter of common knowledge that Li Hung-Chang, having been defeated by Japan in a war which he had forced upon Japan in 1894, secretly invited Russia to Manchuria in the hope of wreaking

vengeance upon Japan. But in satisfying his grudge against Japan, Li cut off his nose to spite his face, for the Russians all but gobbled up the whole of Manchuria. Had not Japan taken up cudgels against Russia in the war of 1904, China would have ceased to exist as an independent state. Japanese policy in Manchuria has ever since been formulated with a view to the possible renewal of Russian onslaught in the Far East. When the agreements of 1915 were obtained from China, Japan was still in fear of Russian revenge, for the great military power of the Czar was still preponderant. Though apparently in the relationship of an entente with Russia, Japan had taken every precaution to forestall any such disastrous events as she had to face in 1904 in dealing with Russia.

Today Russia's fate in the Far East is still uncertain. Whether her political color is "red" or "pink," Russia still remains a cause of apprehension to the Japanese. With China yet in a state of chaos, Japan feels that she is not yet in a position to withdraw from Manchuria.

As a practical matter, any idea for the abrogation of the Manchurian agreements of 1915 seems futile. If China wants to abrogate those agreements and secure the ownership of the leased territory and the railroads now operated by the Japanese under a 99-year lease, she would have to pay several billions of dollars. There is absolutely no source from which China can hope to get such an enormous sum. Japan, for reasons of national defense and her "special position" in Manchuria, recognized by the leading Powers, has the right to veto a loan which China might raise from a third Power for the purpose of buying the properties now owned by the Japanese in Manchuria. She is justified in insisting that those properties shall not be mortgaged to a third Power. Moreover, no third Power, opulent

enough to advance single-handed such a gigantic loan, can be found.

As for the new International Consortium, it will not and cannot finance China for the purpose of buying the Manchurian railways and other improvements made by the Japanese, because this new organization deals with future economic concessions or enterprises but not with established ones. This point is made plain in Article I of the agreement of the Consortium concluded in Paris on May 11, 1919. Furthermore, both the British and American Governments, in a series of notes addressed to the Japanese Government in the course of 1919 and 1920, clearly stated that the Japanese railways then in operation in Manchuria were outside the scope of the Consortium.

If China were guided by statesmen of vision, courage, and sound sense, she would realize the folly of the nagging and pin-pricking attitude she is taking toward Japan, and would see the wisdom of burying the hatchet and shaking hands with Japan, to which country she is bound by ties of racial and cultural similarity, and whose cooperation she will in the end have to seek. A farseeing, courageous China might say to Japan something like this:

"Japan, we do not like some of the things you have done to us in recent years. We want you to mend your ways, and undo some of the bad things you have done. At the same time, we realize our past mistakes in dealing with you. We admit that it was China which provoked the war of 1895 over Korea. And when we were defeated by you we invited Russia to Manchuria for the purpose of wreaking revenge upon you. It was due to our intrigue that you had to fight Russia and stake your very existence upon that struggle. You had to sacrifice a hundred thousand lives and a billion dol-

lars because of our folly and intrigue. We repent our sin. We will not ask you to give up the leased territory at Dairen or the South Manchuria Railway as long as the lease of 99 years, acquired by treaty, lasts. Moreover we will cooperate with you in the economic development of Manchuria, for we appreciate your predicament due to lack of raw materials in your country. On your part you must give up the policy of aggression to which your militarists have been inclined. You must be more considerate and sympathetic toward us. We are neighbors. We are of the same blood and culture. Let us be friends, and cooperate with each other for the shaping of Asia's destiny."

If China takes this attitude, Japan will be more than glad to accept the overture, and establish relations of sincere friendship with her. There is now nothing to be said about the twenty-one demands, except that they are buried in the grave of history. If the validity of the agreements based upon those proposals is to be disputed seven years after their conclusion, Japan may be justified in asking China to scrap many of the treaties and agreements she has concluded with other foreign powers under circumstances similar to those in which the Chino-Japanese agreements of 1915 were born. Is there at this Conference any nation whose record is clean enough to act as a judge on international morality and point an accusing finger at a younger nation which may have erred somewhat in its struggle for existence in a hard world where all available lands have been preempted by the bigger and older powers?

# *PART V*

# THE SHANTUNG DISPUTE

# PART V

# THE SHANTUNG DISPUTE

## CHAPTER XXVIII

### SHANTUNG COMES TO WASHINGTON

*Washington, December 1, 1921:* The world breathed a sigh of relief last evening when it was known that the Shantung question would be solved at Washington through the good offices of the American and British delegates. Thanks to organized Chinese propaganda, aided by internal politics in America during the Wilson administration, the question has assumed a magnitude altogether out of proportion to its real importance. Certain foreign advisers, whose main function is to help drain the impecunious exchequer at Peking, have been holding out glowing promises before the Chinese, encouraging them to believe that the American Government will pick their chestnuts out of the fire, and oust Japan from Shantung and everywhere else in China. Heartened by such promises, the Chinese have carried on a vigorous propaganda abroad through the agency of their numerous foreign advisers, and have spread in their own country the gospel of American aid.

However that may be, it is a fact that Shantung has been a disturbing factor in the Far Eastern situation. The sooner it is settled one way or the other, the better will it be for the two countries concerned and for the peace of the world.

What is Shantung? Let me mention a few outstanding facts relative to this province and involved in the controversy:

Area of Shantung .....55,970 square miles
Area of Kiaochow now held by Japan and to be returned to China .....200 square miles
Area of Weihaiwei held by England.....285 square miles
Native population of Shantung .....25,810,000
Japanese population of Shantung .....about 21,000
Tsingtao-Tsinan railway, which Japan proposes to make a Chino-Japanese enterprise .....250 miles
Japanese expenditure for improving this road, $10,397,000 gold
Mines appurtenant to this railway.....one iron mine area and two collieries
Chinese employed on this railway.....7,315
Japanese employed on this railway.....2,126
Three projected railways to be turned over by Japan to International Consortium.....about 575 miles
Japanese loan to China on these lines.....$10,000,000 gold
Japanese troops now guarding railways.....about 2,500

To set the history of the Shantung controversy straight in the public mind, we must hark back to the Peace Conference at Paris. Before the Powers at the Conference agreed to hand over to Japan German rights in Shantung, President Wilson, Mr. Lloyd George, M. Clemenceau, and Baron Makino had frequent conferences. As the result of these conferences, and at the suggestion of Mr. Wilson and the British and French representatives, Baron Makino, the Japanese delegate, on May 4, 1919, issued the following statement to the press, thus announcing to the world that Japanese interests to be retained in Shantung would be purely economic:

"In an interview with representatives of Reuter (Associated Press or Havas), Baron Makino wished

to make clear, by way of explanation of Japan's position in reference to Shantung questions, that the policy of Japan is to hand back Shantung Peninsula in full sovereignty to China, retaining only economic privileges granted to Germany, and right to establish settlement under usual conditions at Tsingtao. Regarding the railway, which is to become a Chino-Japanese joint undertaking, the Baron further stated that owners of the railway will use special police only to insure security for traffic, that they will be used for no other purpose, that the police force will be composed of Chinese, and that such Japanese instructors as the directors of the railway may select will be appointed by the Chinese Government."

It was rumored in Paris at that time that the above statement was drafted as suggested by Mr. Wilson. In pursuance of the pledge contained therein, Japan, as soon as the Peace Treaty came into effect in January, 1920, invited China to enter into negotiations to agree upon details which had to be settled in order to restore Kiaochow to China and to withdraw troops from along the railway.

China did not accept this overture on the ground that she had not signed the Versailles Treaty of Peace. Japan, anxious to settle the matter amicably, repeated the above overture at various times, but China preferred to defer the settlement of the question for various reasons.

The first reason was that the Peking Government was fearful of the opposition of various hostile elements to direct negotiations with Japan. The power of Peking is precarious. The factions arrayed against it, especially those of the south, are always on the alert to denounce it on every conceivable occasion. The Shantung question furnishes those factions with a splen-

did weapon with which to assail Peking. Then there are student groups which are as often as not utilized or instigated by politicians scheming to undermine the Peking authorities.

It has been known in well-informed quarters that as far as the Chinese Government was concerned, it was more than willing to settle the Shantung question by direct negotiations with Japan, especially after Japan offered terms far more favorable to China than were agreed upon in the Versailles Treaty. Since the Paris Peace Conference, Japan has made substantial concessions in favor of China, forfeiting most of the rights formerly enjoyed by Germany.

As for China's contention that the leased territory of Kiaochow naturally reverted to Chinese sovereignty when she declared war upon Germany in August, 1917, no one takes it seriously. To all intents and purposes, Kiaochow, though nominally a leased territory, was ceded to Germany. In the Chino-German agreement of March, 1900, it is provided that "in the German leased territory the rights of sovereignty are safeguarded by the German governor at Tsingtao." It is evident that sovereignty to that territory was handed over to Germany for the period of lease. In the accepted theory of international law, a mere declaration of war is not enough to restore a ceded territory to the nation from which it was taken. To establish her claim to Kiaochow China should not only have declared war but should have taken it from Germany by force of arms.

But as China was neither capable nor willing to drive Germany from Kiaochow, Japan had to undertake that task. From the beginning of the World War in August, 1914, to August, 1917, China remained a neutral spectator. For almost two years after Japan dis-

lodged Germany from Shantung, in the fall of 1914, China afforded shelter and hospitality to Germans. Austrian and German ships were safely moored at Shanghai. Austrian and German flags floated on its quays. Had China been actively engaged on the part of the Allies, there might have been some force in the plea that she preferred to resume the German rights for herself. But China never did this. Japan and Britain attacked and took the German colony.

China's hope for direct restitution of Kiaochow by Germany was totally destroyed when on May 20, 1920, the Berlin Government notified Peking that by virtue of the Versailles Treaty Germany had renounced in favor of Japan all rights and interests formerly enjoyed by her under the Chino-German agreement, and that she was no longer capable of restoring them direct to China. China was plainly told by Germany that she must negotiate with Japan if she wanted to recover those rights.

## CHAPTER XXIX

## CHINA MEETS JAPAN

*Washington, December 2, 1921:* With the Japanese and Chinese delegates holding their first meeting this afternoon as arranged through the good offices of Secretary Hughes and Mr. Balfour, Shantung continues to be the outstanding question of the Conference. The Japanese delegates welcome this opportunity of discussing this vexatious matter in public view. They are confident that the terms of settlement they now offer to the Chinese delegation will meet the approval of all fair-minded men. They think that these terms should be clearly understood by the world, and that all the data bearing upon the question should be given the widest publicity. For the same reason they welcome the presence of two American and two British representatives at the meetings on the Shantung question.

To an unbiased critic it seems that all that is needed to settle this controversy is the usual amount of common sense, and little else. China is making a mistake in "demanding" the unconditional surrender of all the former German possessions in Shantung, as though she had undisputed right to them. She would do well to remember that the former German possessions were taken by the Japanese, not from China, but from Germany. The Japanese took nothing from China. And in dislodging the Germans from Shantung, Japan's loss was 2,000 killed and wounded, as well as $15,000,000.

Japan reduced Kiaochow and drove Germany from Shantung, when China was torn by discord and had neither the will nor the ability to attack the German stronghold.

According to the new Japanese proposal China may not get everything she wants, but she certainly gets substantial benefits which would have never been given her, had not Japan ousted the Germans. The Peace Treaty of Versailles conferred upon Japan all the possessions and rights formerly enjoyed by Germany in Shantung. But since then, Japan has modified her claim to those rights in order to come to terms with China. Indeed Japan has signified her intention to give up everything for China except a half share in the Shantung Railway and two coal mining lots and an iron mining lot. Briefly stated, the basis of settlement, upon which the Japanese delegates hope to solve the question, consists of these eight terms:

First, the leased territory of Kiaochow, 200 square miles in area, will be returned to China.

Secondly, Japan does not seek to establish an exclusive, or even international, settlement in Tsingtao, the capital of the leased territory, but will place the whole territory under Chinese administration. In return Japan asks China to open the whole leased territory to foreign trade.

Thirdly, Japan wants the Shantung Railway, only 250 miles long, together with mines appurtenant thereto, to be worked as a joint enterprise in which Japanese and Chinese will be equally represented, both as to capital and as to the personnel of the management.

Fourthly, Japan gives up, in favor of the International Financial Consortium (in which America figures most prominently), privileges she had obtained for

the construction of three new lines, namely: the Tsinan-Shunteh line, 156 miles; the Kaomi-Shuchou line, 239 miles; and the Weichien-Yentai line, 180 miles.

Fifthly, Japan renounces all preferential right, formerly enjoyed by Germany and transferred to Japan by the Versailles Treaty, with regard to the employment of foreigners and foreign capital and material.

Sixthly, Japan will withdraw her troops, now only 2,500, guarding the Kiaochow-Tsinan Railway, the moment China is ready to place her own guards along the line.

Seventhly, the Tsingtao Customs will become an integral part of the Maritime Customs system of China.

Eighthly, Japan will hand over to China all public property used for administrative purposes within the leased territory.

When the Shantung articles in the Versailles Treaty of Peace were made public, American opposition centered upon the Japanese plan to establish in Tsingtao an exclusive Japanese settlement. But Japan has definitely abandoned that plan. She is not asking even for an international settlement. She will not have any settlement of any character, but will return the entire territory of Kiaochow to China in full sovereignty. Under the German regime, China forfeited the right to employ any foreigner in Shantung except Germans. She also obligated herself to purchase only from Germany any material or machinery that might be needed in Shantung. Japan, in the interest of the open door, is willing to give up such preferential rights. She has turned over to the International Consortium even the three projected railways, totalling 575 miles, for which she advanced $10,000,000 to the Chinese Government in 1918.

No one can fail to sympathize with the Chinese delegation in the extremely difficult position in which it finds itself. Its home government, confronted with factional feuds, has no courage to do what it really wants to do. Out of sympathy for this condition, the Japanese delegates should make the greatest possible sacrifices. At the same time Japan, too, should be given a square deal. It will never do for America and Britain to let Japan go home with the feeling that fairness has been denied her at this Conference.

Shantung is a province of 55,970 square miles. In such a large province, a half share to be retained by Japan in a railway of only 250 miles, two collieries and an iron mine, cannot, by any stretch of the imagination, be regarded as a menace, for Japan's participation in these enterprises is to be purely economic. There will be no Japanese soldiers or police guarding the railway or the mines. The Japanese civil population in Shantung, at present only 22,000 as against the Chinese population of 25,810,000, will decrease considerably with the withdrawal of the Japanese troops, because much of that population consists of tradesmen who followed in the train of soldiers, and who are more than likely to go home with them.

## CHAPTER XXX

## THE RAILROAD BLOCKS THE WAY

*Washington, December 17, 1921:* In spite of roseate official statements emanating from the Japanese and Chinese delegations, there is reason to believe that the Shantung "conversations" permit of no hasty optimism. It is yet possible that the parley may come to an impasse. In deference to the good offices of the American Government which have made these conversations possible, both delegations will make the utmost efforts to arrive at an agreement, but there exists a serious disagreement on the most vital aspect of the Shantung Railway question.

The Chinese delegation has conducted the negotiations with remarkable skill and tact, and has won almost every point, including the disposition of public properties in Kiaochow and the future status of the Maritime Customs at Tsingtao. Throughout the parley, good nature has prevailed on both sides. But on the railway question the two delegations have struck a reef.

The disagreement between China and Japan on this question is fundamental. It is not a matter of dollars and cents, but a question of efficient and honest management essential to a railway as a public carrier. Because the question involves the integrity and efficiency of the future management of the Shantung line, it is almost impossible for the Japanese delegates to discuss it without reserve. The reappearance at the Confer-

ence of Ambassador Baron Shidehara, who has just recovered from a protracted illness, may help to cut the Gordian knot, but the situation appears extremely embarrassing for the Japanese.

To all familiar with the railways in China, the unsatisfactory administrative condition of the Chinese-managed lines is well known. True, official reports of the Chinese railway administration show a fair margin of profit from the railways. But this profit is made possible by neglecting sorely needed repair and replenishment as to both the roads and the equipment. Apart from occasional arbitrary seizure of trains by military governors, their essential function as public highways is often made difficult of fulfillment by reason of universal miscarriage of administration. That this apprehension is well founded is fully proven by the following statement made in a New York magazine by an American businessman who has lived in China for thirty years, several of which have been spent in Shantung:

"The real difficulty in the whole scheme is that the Chinese officials haven't the administrative honesty to preserve their own interests. Take their own railways, like the Tientsin-Pukow Railway, which runs through this same Shantung Province from north to south. What happens? The *likin,* the interprovincial duties and squeezes, the military usurpations of cars and materials, the want of honest administration, makes this road of practically little value in the transfer of merchandise. This road traverses excellent coal fields, and has connections in the north with Tientsin and in the south with Shanghai. An excellent coal mine, which was operated for local uses before the railway was built, finds it impossible to market its coal either in Shanghai or Tientsin because of the inefficient management of the Tientsin-Pukow Railway. There is a mine

of excellent coal within thirty miles of Tsinan, and within two miles of the track of the Tientsin-Pukow Railway, and sixty miles nearer to Tsinanfu by the Tientsin-Pukow Railway than the Japanese mines on the Tsinanfu-Tsingtao Railway, and yet Tsinanfu is supplied by the Japanese mines! The reason why the Chefoo-Tsinanfu Railway is not built is that all concerned know that it would be ridden by a horde of greedy parasites which would sap the life of it and make it of no effect."

No one will deny that the Shantung Railway has, under the Japanese management, attained a degree of efficiency unequalled by any Chinese-managed line. Even a casual traveler cannot fail to notice a refreshing change when he leaves a Chinese train and takes a Japanese train in Shantung or in Manchuria. I have on my desk a recent issue of the *Central China Post,* an English newspaper published by a Britisher, containing an editorial objecting for obvious reasons to the transfer of the Shantung Railway to the Chinese management.

The Shantung Railway, though its main line is only 250 miles long, is one of the principal arteries of trade. The prosperity and even existence of the city of Tsingtao is dependent upon its efficient management. This commercial metropolis of Shantung has, under the Japanese regime, made a phenomenal progress. Under German administration it had 60,000 inhabitants. Today this population has increased to 108,000, of which about 80,000 are Chinese and 20,000 Japanese. The Japanese administration has expended $15,000,000 for public improvements, while some $70,000,000 has been invested by Japanese firms in factories and other business enterprises. Should the Shantung Railway be managed haphazard, or ever be liable to arbi-

trary seizure by military chiefs, the city of Tsintaó must suffer incalculable damage.

The value of the railway is estimated at 53,000,000 gold marks by the reparations committee. To this must be added some $10,400,000 gold, which has been expended by the Japanese for improvement.

There are a group of iron mines and two groups of coal fields along and appurtenant to the railway. On those mines considerable Japanese capital has been invested. Whether or not these mines are turned over to China, their output will unquestionably be purchased by Japanese concerns. If the railways are ridden with mismanagement, the transportation of the mineral products is bound to encounter hindrance.

All these circumstances are responsible for the Japanese desire to have a voice in the management of the railway. Japan is willing to confer upon China the absolute ownership of the line, but she thinks it not only to her interest but to the interest of all the public, the most important of which is Chinese, that she should be placed in a position to insure its efficient management.

## CHAPTER XXXI

## WHO MANAGE RAILWAYS FOR CHINA?

*Washington, December 24, 1921:* As I predicted a week ago the Shantung "conversations" have reached an impasse on the railway question. The Japanese delegation is convinced that it has made every possible concession to China, going even beyond the authority allowed by the home government. Its position is made more difficult by the uncompromising attitude assumed by the public at home, which believes that Japan's terms of settlement, sent China on September 7, were the irreducible minimum. The Japanese delegates are receiving cablegrams reporting newspaper editorials vigorously protesting against making any further concessions to China. Some newspapers think that it would have been better for Japan to decline the good offices of Secretary Hughes and Mr. Balfour, and insist upon the terms presented to China in September. Others assert that those terms are most generous, and should be accepted by the Chinese delegation without modification. All agree that Japan has given up in favor of China everything except a half share in the Shantung Railway and the mines appurtenant thereto, and that this last vestige of Japanese interest should be maintained by all means.

Now the Japanese delegates have, against the popular will at home, offered to waive even a half share in the line, and transfer absolute ownership to China. All that they ask is the usual privilege of supervision ac-

corded to foreign capitalists financing Chinese railways. Moreover, their terms of loan are far more liberal than those of other railway loans in China.

The Chinese delegates propose to buy the railway and pay cash for it. The proposal is deceptive. To the public it conveys the idea that the Chinese Government or some Chinese financial institution has the necessary sum all ready for the purpose. Quite to the contrary, nowhere is such ready cash to be found. When China says she will pay cash for the railway, she means either that she will hand to Japan a Government note, or that she will let some financial organization, possibly an association of native banks, underwrite the project. In either case she will have to float a domestic loan. Such a loan can be successfully raised only by stirring up anti-Japanese feeling among the masses. Unquestionably various associations will be mobilized for the purpose. They will picture the Japanese in Shantung in the blackest color, and tell the public that unless the necessary money is raised to buy the railway Japan will gobble up the whole of China. The consequence will be that Japan will suffer a double loss and find herself in a very awkward position. She will give up the railway in the hope of keeping China's good will, but instead of realizing that hope, will have to face a widespread anti-Japanese agitation in China certain to accompany a movement to collect the necessary sum to buy the railway.

As for raising a foreign loan, China, if she has any sense of honor, cannot borrow money from financiers of any third country and thus mortgage the Shantung Railway to them. In the accepted code of political or business morality, such a deal will be considered a foul play. If she has to rely upon foreign money for the purchase of the road, the logical and only country to

which she must turn is Japan, whose financiers are willing to advance the necessary fund on terms more reasonable than those exacted by other foreign capitalists interested in Chinese railways.

The Japanese proposal, as it stands today, provides for a 20-year loan, with an option for China to redeem it at the end of ten years. Compare this with other railway loans. The British loan for the Shanghai-Nanking Railway is for 50 years; the Anglo-German loan for the Tientsin-Pukow line, 30 years; the British loan for the Shanghai-Ningpo line, 30 years; the British, American, German, French loan for the Hankow-Canton line, 40 years; the Belgian loan for the Lungtsing-Uhai Railway, 40 years; the British loan for the Pukow-Sinyang road, 40 years; the British loan for the Shanghaikwan-Newchwang line, 45 years.

Again the Japanese proposal provides for the appointment by the Chinese Government of three railway experts; namely, a chief engineer, an accountant, and a traffic manager to be recommended by the Japanese capitalists.

This brings us to a consideration of the broad question of foreign railway supervision in China. So important is this question that I feel justified in imposing upon the patience of my readers and present a brief account of various railway contracts between the Chinese Government and foreign capitalists.

We must always bear in mind that foreign railway loans in China are not commercial transactions pure and simple. They have been negotiated by foreign financiers with the support of their respective governments. British, Russian, French, German, Belgian, Japanese, and even American financiers interested in Chinese railways have invariably followed the same course.

The typical case of foreign participation in the financing of the Chinese railways is the loan contract for the Shanghaikwan-Newchwang Railway. This loan contract was concluded in 1898 between the Chinese Government and a British corporation called the British and Chinese Corporation, Ltd.

According to this contract, the chief engineer of the railway is to be a British subject, and the principal members of the railway staff are to be capable and experienced Europeans. Although the members of the staff are nominally appointed by the Chinese administration of the railways, they are, as a matter of fact, appointed by the chief engineer. In case a new chief engineer is to be appointed, the change can be made only in consultation with the British corporation.

In addition to this a capable and efficient European railway accountant is appointed with full powers to organize and direct the keeping of the railway accounts and to act with the administrative agent and the chief engineer in the supervision of receipts and expenditures. All receipts and earnings of the lines are paid in to the credit of the Chinese Railway Administration with the British bank called the Hongkong and Shanghai Banking Corporation, together with 50,000 taels annually to be paid by each of the provinces of Shansi, Shensi, Honan and Anhui for ten years. The loan is secured on the permanent way, rolling stock and entire property, together with the freight and earnings of the Peking-Shanghaikwan Railway, which was already in operation when the loan was contracted, as well as earnings of the new lines when constructed.

Moreover, the principal and interest of the loan was guaranteed by the Chinese Government. In the event of default in payment of interest or repayment of principal at due date, the corporation shall immediately

notify the Chinese Government thereof, whereupon the Chinese Government shall immediately provide the funds necessary to meet such payment. If the Chinese Government is unable to meet this obligation, the railways and the entire property shall be handed over to the British corporation which has financed the loan. The term of the loan is 45 years and repayment of principal is made so far as regards the bondholders, in 40 equal annual installments commencing with the sixth year of the loan.

These are the main points of the loan contract for the Shanghaikwan-Newchwang Railway. It has been taken as a model in almost all railway loan contracts accepted by China between 1898 and 1908. Speaking on the foreign financial, administrative and engineering supervision of Chinese railways, an able Chinese scholar, Mr. S. G. Cheng, in his admirable book, "Modern China," has this to say:

"Science is a new study to the Chinese, and technological skill can only be acquired with experience. The work of training native engineers has only begun so recently that there has not yet been time to produce a sufficient number of them to undertake railway construction on an extensive scale. That the Chinese themselves when properly trained and employed can construct railways, with the best results, has already been proved by the Peking-Kalgan Railway, a Government line built by Chinese. As to the control of the proceeds of loans by the issuing banks, the *raison d'être* for such control is that the Chinese officials have not proved themselves worthy of confidence in the matter of handling money, and that as they are inexperienced in railway work, they can hardly be expected to maintain the same standard of vigilance and efficiency as is found in most European railway managing depart-

ments. But the successful construction and the good management of the Tientsin-Pukow line have already justified the belief that, provided they are equipped with the proper staff and are under proper supervision, they can be trusted."

The Tientsin-Pukow Railway referred to by Mr. Cheng calls for explanation. It is financed jointly by England and Germany. It connects Tientsin and Nanking and runs through three provinces, but mostly through Shantung. This loan contract, made in 1908, marks the beginning of a new period in foreign railway enterprise in China. Before that time the European powers interested in Chinese railways competed with one another in the most strenuous manner. Russia, not satisfied with her railway activities in Manchuria, acquired, through the agency of a Belgian syndicate, the right to finance the Peking-Hankow Railway, running from the Chinese capital into the heart of the Yangtse Valley. She also offered, through French and Belgian bankers, to finance the railways of Shansi, for the purpose of exploiting the coal mines in that province.

These Russian activities were a cause of grave anxiety to British interests in Central China. In consequence, Great Britain obtained from the Chinese Government a contract to finance the Shanghaikwan-Newchwang Railway, which we have above described. This British move was made for the specific purpose of cutting off any possible connection between the Russian railways in the interior of China and those in Manchuria.

But England gradually came to realize that such strenuous international competition was unprofitable and harmful. Consequently she came to an agreement with Russia, allotting to herself the Yangtse Valley as

her sphere of influence and giving Russia the vast territory north of the Great Wall.

This British-Russian agreement was soon followed by a British-German understanding, as the result of which the bankers of Germany and Great Britain agreed jointly to finance the Chinese railroad between Tientsin and Nanking, commonly known as the Tientsin-Pukow Railway. This agreement was made in 1908. The British firm interested in it was the Hongkong and Shanghai Banking Corporation, while the German firm was the Deutsch-Asiatische Bank. These two institutions negotiated jointly with the Chinese Government for a loan and divided it into two parts, to be floated, respectively, in London and Berlin at the same price and bearing the same interest. The northern section of the railroad was assigned to a German engineer and the southern section to a British.

On the whole, the railway loan agreement of 1908 between the Chinese Government and the British and German bankers was more favorable to China than the preceding loans. The term of the loan is 30 years, the repayment of principal commencing after the end of ten years from the date of the loan. The Chinese Government reserves the right to redeem the whole loan after a lapse of ten years. The loan is secured by:

1. *Likin* and internal revenues of the province of Chihli to the amount of 1,200,000 Haikuan taels a year.

2. *Likin* and internal revenues of the province of Shantung to the amount of 1,600,000 Haikuan taels a year, and

3. The revenues of the Nanking *likin* collectorate (to the amount of 900,000 Haikuan taels a year) in the Province of Kiangsu.

It is provided that in case the revenues from the

above sources are insufficient to meet the obligations of the railway, these revenues will be transferred to and administered by the Maritime Customs, which is controlled by foreigners, mostly Britishers. The proceeds of the loan, as well as the receipts of the railroad, are paid to the credit of the railway with the Hongkong and Shanghai Banking Corporation and the Deutsch-Asiatische Bank in China, London or Berlin, as the case may be.

The original contract provides for two chief engineers, one British and one German. Whenever appointments are to be made or functions to be defined of the technical employees on the railway staff, as well as in the case of their dismissal, the chief engineers must be consulted. The director-general of the railway is Chinese, but the real authority rests with the chief engineers. The auditor is appointed by the British-German syndicate. In the construction of the northern section of the railway, the German bank has the privilege of purchasing all materials required for it, while in the southern section the British concern enjoys the same privilege. After the railway is constructed, these German and British firms in their respective sections are given the preference for such agency business for the supply of foreign materials as the railway administration may require.

In this respect even American financiers are no more generous than others. In 1916 the Siems-Carey Company, of St. Paul, with the financial backing of the American International Corporation, obtained the right to construct railways in China aggregating 1,500 miles, with an option for another 1,500. The Company agreed to finance the Chinese Government in this railway enterprise, and advanced $1,000,000 as the first installment of the loan. After that the company was

to advance funds not to exceed $10,000,000 in any one year. The American Company was to hold a first-trust mortgage upon the entire railroads which were to be built, as well as upon "all rolling stock, equipment, real estate, machinery, buildings, tools, and all of the physical property in connection with or appurtenant thereto on hand or to be added." First repayment of the principal was to be made after the lapse of 25 years from the date of the loan.

The director-general of the railroad was to be a Chinese appointed by the Chinese Government. But the chief engineer, traffic manager, and auditor were to be chosen, recommended and vouched for by the American Company, which is a euphonic way of saying that these officials should be Americans. The American Company was to furnish all the materials required in the construction of these railways, receiving a commission of five per cent on all the sales. This commission is, of course, in addition to eight per cent interest to be paid on the principal. Furthermore, the Company was to receive 20 per cent of net profits of the railways as compensation for handling and selling the bonds, which were to be floated in the United States to finance the railways. From this description it will be seen that the terms of this loan were even more unfavorable to China than other railway loans.

---

TABLE OF FOREIGN RAILWAY LOANS FOR CHINA

| Title and Date | Principal £ | Duration of Loan | Security |
|---|---|---|---|
| British loan for Imperial Railway of North China, 1898 | 2,300,000 | 45 | Government guarantee and revenue of railway |

| Title and Date | Principal £ | Duration of Loan | Security |
|---|---|---|---|
| Franco-Belgian loan for Peking-Hankow Railway, 1898 .. | 4,500,000 | 30 | Redeemed in 1909 |
| Russian loan for Shansi Railway, 1902 ..... | 1,600,000 | 30 | Government guarantee and revenue of railway |
| Franco-Belgian loan for Honan Railway, 1903 ..... | 1,000,000 | 30 | Government guarantee and revenue of railway |
| Franco-Belgian loan for Kaifengfu-Honan Railway, 1907 | 640,000 | 25 | Government guarantee and revenue of railway |
| British loan for Shanghai-Nanking Railway, 1904 ... | 2,250,000 | 50 | Profits of and mortgage upon railway |
| British loan for the same, 1907 ..... | 650,000 | 47 | Profits of and mortgage upon railway |
| Hongkong government loan for redemption of Canton-Hankow Railway contract, 1905 | 1,100,000 | 10 | Redeemed |
| British loan for Canton-Kaulung Railway, 1907 ..... | 1,500,000 | 30 | Profits of and mortgage upon railway |
| British-German loan for Tientsin-Pukow Railway, 1908 ... | 3,000,000 | 30 | First charge upon *likin* and internal revenue of 3 provinces |

| Title and Date | Principal £ | Duration of Loan | Security |
|---|---|---|---|
| The same, 1909 .... | 2,000,000 | 29 | First charge upon *likin* and internal revenue of 3 provinces |
| British loan for Shanghai - Ningpo Railway, 1908 ... | 1,500,000 | 20 | Surplus earnings of Peking-Mukden Railway |
| Anglo-French loan to redeem Peking-Hankow Railway, 1908 ..... | 5,000,000 | 30 | Surplus taxes of Chekiang, Kiangsu, Hupeh and Chihli |
| Japanese loan for Kirin - Changchun Railway, 1908 ... | 215,000 | 25 | Revenue of railway |
| Japanese loan for Simmintun - Mukden line, 1909 ..... | 32,000 | 18 | Revenue of railway |
| Anglo-German loan for Tientsin - Pukow line, 1910 .. | 3,000,000 | 30 | First charge upon *likin* and other internal taxes of 4 provinces |
| British loan for Peking-Hankow line, 1910 ..... | 450,000 | 10 | Government guarantee |
| Japanese loan for the same, 1910 ..... | 220,000 | 10 | Government guarantee |
| Japanese loan for the same, 1911 ..... | 1,000,000 | 25 | Government guarantee and tribute grain conversion tax of Kiangsu |

| Title and Date | Principal £ | Duration of Loan | Security |
|---|---|---|---|
| British - American - German - French loan for Hankow-Canton line, 1911 | 6,000,000 | 40 | Hupeh and Hunan salt and *likin* revenues and Hupeh rice tax |
| Japanese loan for Nanchang - Kiukiang line, 1912.... | 500,000 | 15 | Hupeh and Hunan salt and *likin* revenues and Hupeh rice tax |
| Belgian loan for Lungtsiang - Uhai line, 1912 ..... | 4,000,000 | 40 | Government guarantee and mortgage on railway |
| British loan for Sinyang-Pukow line, 1913 ..... | 3,000,000 | 40 | Government guarantee and mortgage on railway |
| American loan to four lines of 1,500,000 miles, 1916 (first installment) ..... | $1,000,000 | 25 | Mortgage on railway and its property |

## CHAPTER XXXII

## SETTLED AT LAST!

*Washington, February 1, 1922:* The Shantung dispute is settled at last! Whatever be the terms of settlement, the world is glad that it can now forget the controversy which has seemed everlasting. For this good riddance we have to thank President Harding and Mr. Hughes, as well as Mr. Balfour, for it was their good offices which have made it possible to compose the differences between China and Japan.

The Shantung settlement is a diplomatic victory for China. Whatever the Chinese factions and politicians opposing Peking may say against it, there can be no question about that. To realize this fact we must know what China did at the Peace Conference at Paris.

At Paris China demanded the unconditional restitution of Kiaochow and the Shantung Railway. But when it became evident that this demand was going to be turned down by the Conference, China quietly approached Japan with a modified claim. The main features of that proposal were the conversion of the Shantung Railway into a Chino-Japanese joint enterprise and the establishment at Tsingtao of an international settlement instead of an exclusive Japanese settlement. China urged, almost implored, Japan to settle the Shantung question on these terms. The Japanese statesmen undoubtedly had the wit to see the wisdom of accepting the Chinese proposal, and thus end the controversy then and there. But the statesmen and diplomats had not

the courage to take the action which they knew ran directly counter to the popular wish. The masses of Japan, intoxicated with their military and commercial successes in Shantung, and confident of the recognition of their rights at the Peace Conference, urged their Government and its delegates at Paris to take a firm attitude and make no concessions. The only alternative to their acquiescence in this popular clamor would have been the downfall of the cabinet. The Japanese statesmen, rather than face a ministerial crisis, danced to the music of the masses and turned deaf ears to the Chinese overture. For the moment that appeared a victory for Japanese diplomacy. As a matter of fact, it sowed the seeds of trouble from which the Japanese delegation at Washington has reaped a harvest of defeat.

Soon after the Paris Conference, Japan invited Peking to enter into negotiations for the purpose of determining terms on which she would return the former German rights to China. By this time the situation had become extremely complicated, mainly because the Republican Senate at Washington had taken up cudgels against Japan, or rather against Mr. Wilson, which encouraged China to believe that the American Senate would eventually compel Japan unconditionally to surrender Kiaochow and all that went with it. Undoubtedly this encouragement was fostered by American advisers to China who conducted vigorous propaganda among the Senators and before the American public. Heartened by this, China declined the Japanese invitation to negotiate. Japan, eager to settle the matter, patiently repeated the invitation two or three times, modifying her terms a little each time in favor of China. By September, 1921, she was impelled to offer to China the very terms on which the latter had implored Japan

to settle the dispute at the Paris Conference. And yet the Chinese Government declined to negotiate—so completely had the tables been turned against Japan. Each concession made by Tokyo must have appeared to Peking a promise for further concessions. I can well imagine how the diplomats at Peking smiled in their sleeves each time Japan came forth with modified terms.

While the matter was in this unsettled condition, there came to China an invitation to the Washington Conference. To her that invitation was heaven-sent. Surely the Republican leaders, who had so vigorously championed her cause, would help win her fight for Shantung. It was in this hope that China sent her delegates to the Conference. Of course, the Chinese were not guileless enough to ignore the fact that much of the heat for the Shantung debate in the American Senate proceeded from motives of domestic politics, and that America would hesitate to pick China's chestnuts out of the fire at the risk of burning her fingers. The Chinese delegates, therefore, never thought that they could get at this Conference anything like the unconditional surrender of Kiaochow, or the Shantung Railway, but they at least hoped that at Washington the Japanese might be induced to make concessions more favorable to China than they would make at Peking. That this hope has been fulfilled is plainly shown in the treaty just announced.

I need not dwell upon the details of the treaty, for it explains itself. (See Appendix II, section D.) In the main the agreement follows the lines mapped out in Japan's last memorandum addressed to China on September 7, 1921, although Japan has made more sweeping concessions than in that memorandum. (See Appendix II, section C.)

The ratifications of the treaty are to be exchanged

at Peking not later than four months from February 3, the date on which the treaty will be signed at the Pan-American Union by the representatives of Japan and China. Japan is to transfer to China the administration, as well as the public properties, of Kiaochow within six months after the treaty comes into effect. The Japanese troops, including those along the Tsintao-Tsinanfu Railway, are to be withdrawn as soon as the Chinese police or military are provided to take over the protection of the railway. This may be done in sections, the date in each instance to be arranged in advance beween the Chinese and Japanese authorities, and the complete withdrawal to be effected within three months, if possible, and not later than six months after the signing of the treaty.

The Japanese garrison at Tsingtao is to be withdrawn simultaneously, if possible, with the transfer of the administration of the leased territory, and in any case within thirty days thereafter. The Japanese wireless stations at Tsingtao and Tsinanfu are to be transferred to China upon the withdrawal of the Japanese troops from those cities. The customs house at Tsingtao is to become an integral part of the Chinese maritime customs as soon as the treaty comes in force.

As to the railway, which has been the crux of the whole question, China undertakes to pay Japan 53,406,141 gold marks, the value placed on the road by the reparations commission under the Treaty of Versailles, plus Japanese expenditures for permanent improvements and additions, minus an allowance for depreciation. A joint Chino-Japanese commission will be appointed to agree on these values.

The actual transfer of the railway properties is to be completed as soon as possible, and not later than nine months after the treaty becomes effective. Pay-

ment is to be made in Chinese treasury notes, secured on the properties and revenues of the roads, and running for a period of fifteen years but redeemable after five years at China's option. Until these notes are redeemed a Japanese will occupy the post of traffic manager, and another Japanese will be chief accountant jointly with a Chinese chief accountant with coordinate functions. These officials "shall all be under the direction, control and supervision of the Chinese managing director, and removable for cause."

The extensions of the Tsingtao-Tsinanfu Railway, for which Japan was to finance the Chinese Government, is to be opened "to the common activity of an international financial group on terms to be arranged between this group and the Chinese Government."

The former German-operated mines in the province will be handed over to a company to be formed under a special charter of the Chinese Government, in which the Japanese capital shall not exceed the Chinese capital.

Japan undertakes not to seek the establishment of an exclusive Japanese or international settlement in Kiaochow, while China agrees to open the entire former leased territory to international trade and residence.

Japan is to give back to China the former German submarine cables between Tsingtao and Cheefoo and between Tsingtao and Shanghai. She renounces, furthermore, all preferential rights, formerly enjoyed by Germany, with respect to foreign assistance in persons, capital and material, thus completely abolishing the sphere of influence established in Shantung by the Chino-German Treaty of 1898.

Such are the terms upon which the Chinese and Japanese delegations have settled the Shantung dispute. Had the Japanese statesmen in power been courageous

enough to offer such liberal terms to China soon after the Peace Conference of Paris, China would have accepted them and the dispute would have been settled long ago. But they were afraid of the clamoring public, and had neither the courage nor the foresight to adopt such a course. Instead, they made concessions by piecemeal, each a little more generous than the preceding one. What wonder that the adroit diplomats at Peking lost respect for the Japanese statesmen and made sport of those concessions!

But let the dead past bury its dead. The world is glad that it will not have to hear about the dispute any more. Furthermore, the apparent defeat of Japanese diplomacy may yet prove to be a victory in disguise. If the sweeping concessions made by Baron Shidehara and Mr. Hanihara will serve to convince the Chinese of Japan's sincere desire to be friendly towards them, those concessions certainly have not been made in vain. On the eve of his departure from Washington Dr. Wang, the Chief Justice of China and one of the Chinese delegates, made this statement to the press:

"The settlement of the Shantung question is the first and, I believe, an important step in the direction of bringing about a better understanding between China and Japan. The Chinese people confidently hope that this Conference will mean not only a new era in the internal condition of China, but also open a new page in Japan's policy towards China."

If this statement voices the real sentiment of Chinese leaders, if not the general public of China, Japan has good reason to congratulate herself upon the concessions her delegates have made at this Conference.

In many respects this treaty is a most extraordinary international instrument. The negotiations, which have consummated in the treaty, have been conducted in Eng-

lish, a language foreign to either of the two parties. Naturally, the original of the treaty is in English, the translations to be made in Japanese and Chinese. The minutes of the "conversations" have been written in English by two Japanese secretaries, Mr. Shiratori and Mr. Saito, and consist of almost a thousand pages. At each meeting the minutes for the preceding session were neatly typewritten and placed before the delegates, as well as before the four official "spectators," two each from the British and the American delegations. It was a remarkable feat. Its difficulty may be the more fully appreciated when we know that the minutes were taken in a foreign language, and that the Shantung "conversations" were held every day, often twice a day, except during the brief period when the negotiations were in a state of deadlock on the railway question. At the first two or three meetings, two Chinese secretaries also took minutes and were to collaborate with the Japanese secretaries, but somehow they soon gave up the task, and accepted the Japanese version as the only authentic document. And the remarkable fact is that neither of the two Japanese secretaries who wrote the document had any schooling in America or England.

# *PART VI*

# JAPAN'S SIBERIAN VENTURE

# PART VI

# JAPAN'S SIBERIAN VENTURE

## CHAPTER XXXIII

## "LET HER BUY SIBERIA!"

*Washington, January 2, 1922:* "Japan has got to have elbow room. Let her buy Siberia!"

Pray be not shocked, my dear readers, for I am not quoting from any resolution passed by the Conference. I am quoting Mr. Thomas A. Edison, the wizardly American inventor. An inventive genius, like a poet, must have license as well as vision.

Mr. Edison, in a recent remarkable interview, discusses the problems of Japan in a big way characteristic of the great inventor. He admits that Japan, deprived of the common freedom of immigration into countries controlled by the Caucasian Powers, must be given a breathing space somewhere else, logically in eastern Asia. It is, he thinks, not militarism which is behind Japan's national desire for expansion, but the economic pressure brought about by overpopulation and the lack of land. "Japan's problem is commercial," he says, "no more political than mine when I need to build an addition to my factory. I am certain that to help Japan get new and large area on which to live would be far cheaper than to build warships with which to fight her." Then Mr. Edison suggests that the Con-

ference at Washington agree to let Japan buy part of Siberia, giving in payment bonds guaranteed by the Powers.

Mr. Edison's sympathetic interpretation of the Japanese problem no one will fail to appreciate. Not many Japanese are, however, enthusiastic about his idea of letting Japan purchase territory in Siberia or anywhere else. For it is not territorial expansion which Japan has been and is seeking. What she is seeking is nothing more than the freedom of peaceful economic activities in countries which offer opportunity to honest enterprises.

Japan has accepted the inevitable and is, for the sake of the peace of the world, reconciled to the fact that Europe and America have erected a barrier against Japanese immigration and enterprises in the countries under their control. She must perforce turn her attention towards the Far East, and seek new fields of activity in the countries on the Asian continent. To attain this end, it is not necessary that Japan should put Asiatic territories under her flag. She would be satisfied if she could secure the unobstructed privilege of working resources, building railroads, promoting trade in those countries whose natural wealth remains undeveloped by the native population. It matters little whether those countries are under Russian or Chinese jurisdiction.

What annoys Japan is the peculiar fact that whenever she secures some economic privilege, railway or mining, fishery or lumbering, in Siberia, Manchuria, Mongolia, or China, a hue and cry is sure to be raised in Europe and America. Such movements on the part of Japan have been branded as acts of aggression and encroachment, even though such privileges were obtained by the usual methods of negotiation. If the Powers assume the attitude of the dog in the manger and object even

to Japanese acquisition of a few economic privileges on the Asiatic continent, how can we hope to secure their endorsement of a plan to let Japan own outright a section of Siberia or Manchuria? We should be surprised if the Powers would go as far as to recognize Japan's right to unhindered economic activities in those countries. Yet this recognition is absolutely necessary if Japan is to have a breathing space and elbow-room.

I am in a mood to take my readers into confidence this morning, and tell them just what I think about the Japanese in Siberia. I think that nothing is the matter with Japan in Siberia, except that she has appeared upon the scene of international land-grabbing just a little too late. Nothing except that she was sleeping a saintly sleep when the great nations of Christendom were busy practicing the moral code of the dying patriarch, "My son, get money—honestly, if you can, but get money!" Japan's sin, if sin it be, lies in her eleventh hour entrance into the company of international freebooters, who, having divided among themselves all the riches of the world, are now putting forth a Sunday front and preaching morals to the belated Japanese. Had Japan joined the merry company, say a century or even fifty years earlier, things would have been very different for her. She might have acquired rich countries in the South Seas and on the Asian Continent, and have by now become so opulent and self-sufficient that she could pull herself to her full height and proudly talk about international charity and ethics. Am I an *enfant terrible?* Is it not true that truth is usually terrible?

Do not misunderstand me. I am not lamenting Japan's fate. Much less am I disposed to argue for the restoration of the regime of international freebooting, which has happily gone by. Only I can not help thinking that the established and staid powers lack a sense

of humor when they look upon themselves as the world's custodians of justice and crown themselves with halos of righteousness.

Of all nations America, perhaps, has the cleanest record in her international dealings. And yet in the history of the development of the American people there was a period when the national slogan was "manifest destiny." Only seventy years ago the country resounded with such cries as:

"Fifty-four forty or fight!"

"The whole of Oregon or none!"

"The Reoccupation of Oregon and Reannexation of Texas!"

It was the "manifest destiny" of the American people to expand westward under the guidance of the star of empire. In that westward advance, the American fathers overcame every obstacle that lay in their path. They brought under their control territory after territory, sometimes peacefully, sometimes by conquest, until their empire extended from the Atlantic to the Pacific, and from Canada to Mexico. It was their "manifest destiny" that they should become the masters of the continent and extend their power and authority even beyond the shores of the Pacific. Will you permit me to tell you how America annexed Hawaii only twenty-five years ago? Says Mr. Wilson:

"The Hawaiian Islands were subject to a sovereign queen whose power had been reduced by constitutional changes to the merely administrative function of executing the laws passed by a representative chamber, to which, and not to herself, her ministers were responsible. Property and political power in the Islands had, by processes which seemed to change the very character of the kingdom, come chiefly into the hands of foreigners; and in January, 1893, the queen determined

to promulgate, upon her own sole authority, a new constitution which should deprive them of the suffrage and bring the legislature again under the control of the crown. The foreigners at Honolulu, the capital, chiefly Americans, at once bestirred themselves to defeat her purpose and get the government into their own hands, and the resident minister of the United States lent them his open aid. Marines and pieces of artillery were ordered on shore from a United States man-of-war lying in the harbor; under their protection a revolutionary provisional government was set up which thrust the queen aside 'until terms of union with the United States had been negotiated and agreed upon'; and on the 16th of February, 1893, but a little more than two weeks before the expiration of his term as President, Mr. Harrison hurried a message to the Senate submitting an annexation treaty, and recommending its ratification. Meanwhile, on the 9th of February, the minister of the United States, at Honolulu, acting without instructions, had proclaimed a protectorate of the United States over the islands."

If that was the "manifest destiny" of America, is it not equally evident that Japan's "manifest destiny" lies in eastern Asia? Of course our "manifest destiny" must have a different meaning. We live in the twentieth century. The sires of America whose slogan was "manifest destiny" lived in the nineteenth century. Between the two centuries lies a vast difference in national and international ideals.

When we say that Japan's "manifest destiny" lies in eastern Asia, we do not mean that we must extend our territory in that direction. We mean nothing but peaceful economic development, dissociated from any desire for territorial acquisition.

Japan's economic relations with Manchuria and Si-

beria are not the same as the economic relations between the United States and Mexico, for example. These great United States have everything within their own territory. They are self-supporting. I presume the Americans could stay at home, if they would, and still be comfortable. The Japanese could not stay at home even if they would. If they do not go out to Manchuria or Siberia to obtain the necessaries of life, as well as the materials of industry, the only alternative will be their gradual decline and ultimate suicide.

Japan proper consists of four main islands, comprising some 150,714 square miles, that is, 25,000 square miles less than the area of California. The average density of these islands is 396.2 per square mile. If we leave Hokkaido, the north island, out of consideration, the density increases to 485.2. Compare this with corresponding figures for other countries. Belgium has 659 per square mile; Holland, 474; England, 370; Germany, 310; Italy, 316; France, 193; the United States, 25; Canada, 2; Australia, 1.5; Siberia, 2; South America, 7. Some of the European countries are more densely populated than Japan, but these countries, as well as others, have vast colonies which either offer room for surplus population at home, or produce raw material to feed the mills and factories of the mother countries.

The *actual* density of Japan is much greater than the *average* density, because the country consists of volcanic ranges and is traversed by chains of high mountains. According to the investigations of the Japanese Government, mountains occupy 52.86 per cent of Japan's total land area. The balance consists of 35 per cent for agricultural land, 2.58, for residential land, 8.79, for meadows and pastures. What wonder that Rudyard Kipling, travelling in Japan some years ago, got the

impression that the density of population in Japan was 2,256 per square mile!

As against Japan's 35 per cent for agricultural land, Great Britain has 77.20 per cent; Italy, 75.25; Germany, 64.84; and the United States, 46.

The limited area of farm land in Japan has necessitated the most intensive cultivation. In Japan the average farming land per capita is less than a quarter of an acre, as against 5.5 acres in the United States. The consequence is that the soil of Japan is on the verge of exhaustion and that the stern law of diminishing returns has long since begun to operate in spite of the most painstaking fertilizing processes.

But the lack of farming land and overpopulation are not the only cause of Japan's predicament, for she has to contend with another disadvantage which is equally serious—I mean the lack of raw materials and the three essentials of modern industry: iron, coal and petroleum. Japan hopes to solve, partly at least, the vexed question of overpopulation by becoming a great industrial and trading nation. But in becoming an industrial nation she must have raw materials. Unhappily, Japan is the poorest country in respect of the supply of raw material, especially iron, coal and petroleum.

These, in short, are the factors which go to make up the so-called militarism or imperialism of Japan. Call it what you will, Japan's national desire for expansion is based upon economic necessity. I know that Japan has her military clique whose power and influence must be curbed, and that her militarists have blundered badly in Siberia, in Korea, in Manchuria, in Shantung. But we must not lose sight of the fact that military aggression is only incidental to Japan's popular clamor for economic expansion. The militarists know that the sixty million souls of Japan are worried for the bread

of the morrow, and that they see the only alternative to starvation in the freedom of utilizing the yet unexploited resources in territories lying not far from home. This fear of starvation may have been exploited by militarists, but to denounce Japan's militarism, without offering any solution for her problem of life and death, is to put the cart before the horse. You may destroy Japan's military faction, but the popular clamor for a breathing space and elbow-room will continue to assert itself in ways perhaps no less dangerous than militarism. So in dealing with Japan, the powers must consider her most vital problems with sympathy and in a conciliatory spirit.

If anything is the matter with Japan in Siberia, something more serious is the matter with the existing order of the world. Look at the map, and study statistics. Even today the world has plenty of lands available for settlement. Some of the richest territories have only a few inhabitants to the square mile. Yet none of these countries is open to the Japanese. Russia, for instance, has annexed 6,785,133 square miles of Asiatic territories, where the population per square mile is only eight. And yet even Russia is playing the dog in the manger.

Mr. H. G. Wells, apparently racking his brain to think of something to write about on the Conference, hits upon the happy idea that no nation has the right to let its population "slop over" (to quote Mr. Wells) its territorial confines, and that the solution of Japan's population problem lies in the gospel of Margaret Sanger!

An excellent idea! But "my dear Wells" has forgotten that England, when the rate of increase in her population was highest, not only permitted but encouraged her surplus to "slop over" the British Isles

by the hundreds of thousands. He has also forgotten that England has acquired vast colonies totaling 12,-624,435 square miles, from which all Asiatics are rigidly excluded, though most of them have but a few people to the square miles.

It would have been more like Mr. Wells, the liberal, had he admitted that Japan's population problem is but an aspect of the broad problem of the inequitable distribution of land among the nations. He should admit that the empire building schemes of the great Powers of the West is mainly responsible for the predicament of a growing population such as that of Japan.

But here's good news for Mr. Wells. Mrs. Margaret Sanger is really going to Japan to deliver lectures! And what is more interesting, the invitation came from a Japanese magazine. Surely something must be the matter with Japan!

## CHAPTER XXXIV

## CHITA "ARRIVES"

*Washington, January 10, 1922:* The Armament Conference has brought to Washington several "uninvited delegations" from different parts of the world. Of these delegations, that representing the Chita Government of the Far Eastern Republic has attracted a great deal of attention by publishing a number of sensational diplomatic documents alleged to have passed between Japan and France. Both Tokyo and the Quai d'Orsay have denied their authenticity, and in no uncertain terms branded them as fabrications.

Reprehensible as these tactics are, they have succeeded in compelling the indifferent public to recognize that there existed in Siberia such a thing as the Chita Government. Thanks to those tactics, characteristic, perhaps, of the race which the delegates represent, Chita has unquestionably "arrived" in the mind of many an American.

Apart from this incident, the Far Eastern Republic furnishes an interesting topic of study. The seat of its government is Chita, Transbaikal Province, Siberia. Nominally it came into existence in September, 1920, after a conference held at Chita by the representatives of the Vladivostok, Blagovestchensk, and Verkneudinsk Governments, among which Far Eastern Siberia had been divided. The conference formed a provisional government as a step towards the organization of a

permanent government to be called the Far Eastern Republic.

In January, 1921, the Provisional Government held an election for the purpose of organizing a constituent assembly. As a result of this election, an assembly sat at Chita in February and adopted a constitution. Thus the Far Eastern Republic became officially a reality. According to the constitution, the Republic has no functionary which corresponds exactly to presidents in other republics. The government may be said to consist of a National Assembly and a Council of seven members. The National Assembly elects the council of seven who in turn elect from among themselves a Chairman, who presides over the Council, and who is, for lack of a better term, commonly referred to in foreign countries as President of the Far Eastern Republic. Under the Council are eight administrative Departments; namely: Foreign Affairs, War, Agriculture, Finance, Home Affairs, Communication, Education, and Labor, each represented by a secretary.

The Chita Government is often called a "Pink" government, because it is considered not as radical as the "Red" Government at Moscow. It recognizes private property, except in the case of land, forest, water, and mines which belong to the state. But it believes in the state control of banks, factories, and mining enterprises.

Nominally this Government controls three provinces in eastern Siberia. They are Transbaikal, Amur, and Maritime Province, with an aggregate area of 659,000 square miles. Since last May, however, Maritime Province, 266,000 square miles in area, has seceded from the Republic, and has been controlled by a secessionist government set up in Vladivostok by a moderate Social Democrat named S. D. Merkulov.

To explain the origin of the Far Eastern Republic,

we must go back to the fall of the Kerensky administration in 1917. From the chaos that prevailed in Siberia in the wake of that political upheaval emerged the figure of Admiral Kolchak, whose military successes offered the promise of a unified Russia under a stable government. By the fall of 1918 Kolchak had become a predominant political factor in western Siberia, and in the spring of 1919 he established at Omsk the so-called All-Russia Government.

Upon the appearance of this new government America, as well as the other allied Powers, was inclined to the idea that it might become a unifying force in Siberia. Consequently, in May, 1919, the five allied and associated Powers sent a joint note to Kolchak, promising support to his efforts for the unification of Russia. In the summer of the same year Mr. Roland S. Morris, the American ambassador at Tokyo, was instructed to go to Omsk to investigate the real status of the Kolchak administration. Ambassador Morris returned to Tokyo favorably impressed with Kolchak and his government.

But the Kolchak administration was destined to fall. The Admiral himself may have been an honest and well-meaning man, but he was surrounded by arch-reactionaries who had no clear conception of the new era which had dawned upon Russia with the downfall of the Czarist regime. Baffled by the Russian enigma, the allied Powers were, however, ready to seize upon any military or political factor which they thought might serve as a means to stabilize conditions in Russia. England was particularly anxious to help Kolchak. By the fall of 1919, Britain had sent to the Kolchak army 200,000,000 cartridges. Every cartridge which the anti-Bolshevist forces in Siberia fired in the summer of 1919 was supplied by the British Government. It was estimated that England had supplied Kolchak with

200,000 rifles, 300,000 pairs of boots, 200,000 complete sets of uniform, 500,000 hand grenades, 70 cannon with 200,000 shells, 10,000 sets of harness and saddlery, 400,000 blankets, and numerous other materials. By November, 1919, however, the British Government had become somewhat chary of its Siberian venture. Speaking in the House of Commons on November 17, Premier Lloyd George said:

"There are countries in a much better position to help Kolchak than we. These powers are next door—they are in the alliance. I do not wish to be considered as criticising them, but if there has been a failure, it is not our failure."

In this language the British Premier clearly intimated that Japan and America should shoulder the Siberian burden, and that Britain was not willing to go on any further with the Siberian undertaking.

As was expected, the star of Kolchak began to wane towards the fall of 1919, when the Red forces in western Siberia gained the upper hand. In November, Omsk, the seat of his government, was captured by the Reds, Kolchak fled to Irkutsk, on Lake Baikal, where he managed to set up a new government. Again the rising tide of the Reds overtook him, and by the end of December his political and military power completely collapsed.

By this time the American Government realized the futility of trying to do anything for Siberia, and saw the wisdom of immediate evacuation. Consequently the American troops were ordered home in March, 1920. The American evacuation was followed by the withdrawal of Japanese troops from Transbaikal and Amur Provinces. By June, 1920, Japan completed the evacuation of these provinces and concentrated her troops, some 20,000 in number, within a radius of some

150 miles from Vladivostok. About the same time Japan changed her attitude towards the Reds, and withdrew the support she had given Semenov and Kharmikov who had been operating against the Bolshevik forces.

The fall of Kolchak was followed by a period of chaos. The three provinces of eastern Siberia were divided among as many governments. For Transbaikal Province a government was set up at Verkneudinsk; for Amur Province, at Blagovestchensk; and for Maritime Province, at Vladivostok; all dominated by radicals of the Red type.

Meanwhile Ataman Semenov was conducting desultory warfare against the Reds in the neighborhood of Chita. Shortly before the downfall of Admiral Kolchak, Semenov was appointed by the Admiral commander-general of the anti-Bolshevist forces in eastern Siberia. But the Cossack Ataman, too, met the same fate as Kolchak, and was overwhelmed by the Red tide which had risen around the small territory in which he was operating. Early in September, 1920, Semenov fled from Chita in an airplane, and eventually sought refuge in Port Arthur. That was practically the end of the checkered career of the picturesque Cossack leader. When the conservative Merkulov Government was set up in Vladivostok last May, Semenov went there hoping that he would be heartily welcomed by Merkulov. He had to charter a steamer for the trip, because no Japanese steamer would accommodate him for fear that he might be involved in trouble with the Vladivostok authorities. As was expected, Semenov met with a cold reception. Soon he left Vladivostok and went to Shanghai or Tientsin. Now that Japan refuses to support him, he will become an anti-Japanese propagandist to give vent to his grudge.

Up to the spring of 1921, Japan had been acting upon the principle that the Bolsheviki were her enemy. Her military measures had been taken with that point in view. By the summer of that year, however, the Japanese authorities had gradually changed their attitude. They had come to recognize a certain power of stability in the "Pink" government at Chita. Thus the Japanese determination of driving the Bolsheviki from eastern Siberia gradually changed to the compromising policy of recognizing certain radical elements in Siberia. The only elements which seemed to offer a promise of a stable government were those at Chita.

As the result of this modified Japanese attitude, a conference between the Tokyo and Chita representatives was opened last August at Dairen, South Manchuria. At this conference, Japan is reported to be urging Chita to make "peace" on these terms:

1. Japan will seek no special privileges in Siberia, and the Chita Government will undertake to observe the principles of equal opportunity in commerce and industry for all nations.
2. The Chita Government will undertake to abolish various harmful administrative practices which have been prevailing at Vladivostok, and which have proved a great obstacle to the trade of that port.
3. The Chita Government will assure Japan that it will undertake to guarantee the safety of lives and property in eastern Siberia.
4. The formidable fortifications at Vladivostok, which are obviously directed against Japan, shall be materially decreased, thus removing a serious menace to Japan.
5. The Chita Government will promise not to carry Bolshevist propaganda into Korea or the Japanese zone in South Manchuria.
6. The Chita Government shall assume responsi-

bility for the massacre of 700 Japanese, including the Japanese Consul, at Nikolaievsk in March, 1920.

7. If the Chita Government pledges itself to undertake the tasks above mentioned Japan will withdraw all troops without delay.

The latest advices from Dairen indicate that the conference may yet reach an agreement. The chief difficulty now seems to center upon the Japanese occupation of northern Saghalien which was undertaken as the result of the Nikolaievsk massacre of March, 1920. Undoubtedly, Japan is now insisting that the Chita Government shall shoulder the responsibility for that incident and agree upon a plan of settlement before she will remove her troops from Saghalien.

The chief obstacle to the Chita Government is the secession of Maritime Province, which deprives the Far Eastern Republic of the all-important port of Vladivostok, the key to Siberia. When the Chita Government was organized a year ago, it sent to Vladivostok a man named Antonov as its representative. But last May the Antonov administration at Vladivostok was overthrown by S. D. Merkulov, a lawyer, who called himself a moderate Social Democrat. Merkulov was supported by the Kappel forces, a part of what was left of the Kolchak army. The radicals who were ousted by Merkulov did not fail to blame the Japanese for their downfall. They asserted that the Japanese commander secretly aided the conservative leader and thus enabled him to defeat their government. On the other hand, the Japanese military authorities in Vladivostok emphatically stated that they maintained a strict neutrality in the conflict and that their entire interest was in the preservation of law and order.

Nevertheless the feeling seems to be universal both among the Russians and among the Japanese at Vladi-

vostok that the Merkulov Government will not be able to stand once the Japanese troops are withdrawn. Its existence is made possible by the peace and order maintained by the Japanese. The Bolsheviki and other radical elements are acquiescing in the new administration mainly because of the presence of the Japanese troops. It is, therefore, but natural that the Chita Government should denounce the Japanese troops. It is the avowed intention of Chita to destroy the present conservative government at Vladivostok and install in its place a radical government which will faithfully represent the Far Eastern Republic.

Another obstacle to the Far Eastern Republic is the increasing control by the Chinese authorities of the Russian line called the Chinese Eastern Railway which runs through Manchuria and links Chita with the Pacific metropolis of Vladivostok. Since the fall of the Kerensky Government this railroad, some 900 miles long, has gradually passed under Chinese control. The Russians have been accusing the Chinese railway authorities of mismanagement, corruption, and discrimination. Of this railway I shall have more to say, for the Conference is now considering it.

## CHAPTER XXXV

## SHIDEHARA TAKES THE OFFENSIVE

*Washington, January 23, 1922:* Baron Shidehara, the Japanese delegate, took the Siberian bull by the horns today and put Japan's case in Siberia squarely before the Far Eastern Committee before any other delegation brought out the question. It was good strategy. For the first time the Japanese have taken the offensive. A similar course should have been followed with regard to China, as I argued in my letter of December 30.

Baron Shidehara recapitulates the history of the allied military action in Siberia, and states that at present no part of Siberia is under Japanese "military occupation." Although Japanese troops are still stationed in the southern part of Maritime Province, they have nowhere set up any civil or military administration to displace the local authorities. These troops will be retained pending the conclusion of the negotiations now going on at Dairen. In Baron Shidehara's language, those negotiations have "in view the conclusion of provisional commercial arrangements, the removal of the existing menace to the security of Japan and to the lives and property of Japanese residents in eastern Siberia, the provision of guarantees for the freedom of lawful undertakings in that region, and the prohibition of Bolshevist propaganda over the Siberian border. Should adequate provisions be arranged on the lines indicated the Japanese Government will at once proceed to the

complete withdrawal of Japanese troops from Maritime Province."

In the case of Saghalien, the Japanese delegate makes exception to the above statement. He says that Japan will occupy certain points on that island, pending the "establishment of a responsible authority with whom Japan can communicate for the purpose of obtaining due satisfaction" for the massacre of 700 Japanese by Russians at Nikolaievsk in the spring of 1920.

Such, in short, is the Japanese official view of the Siberian situation. (See Appendix XIII, A.) But a historian's point of view is somewhat different. It cannot be denied that Japanese public opinion has been almost unanimous in opposing the Siberian policy of the Government. Since last August, the Foreign Office at Tokyo has been negotiating with the Chita Government, with a view to obtaining some sort of a pledge for the guarantee of life and property in Siberia. But the Japanese press believes that the attitude of the Foreign Office is wrong. In the opinion of the newspaper, Japan should withdraw her troops without exacting any pledge from the Far Eastern Republic. For what is the Chita Government after all? Is it in a position to guarantee the security of foreign lives and property? It is not sure whether it can protect itself. No one knows how long that government is going to last. What is the use of obtaining any pledge from such a shaky government? This, in short, is the general attitude of the Japanese press.

The Government at Tokyo is in a very awkward position. It knows that the Siberian expedition has been a failure, but it is afraid to decide upon evacuation without obtaining some plausible promise from the Siberian Government, which will enable it to go before the people and tell them that the expedition has ac-

complished its purpose The Conference at Dairen, from the non-official Japanese point of view, has been arranged mainly for political effect at home.

The Chita Government, instead of giving Japan the pledge which it can afford to give, has followed a mistaken course. It was the height of folly on the part of the Chita delegation at Washington to publish the obviously fabricated documents alleged to have passed between France and Japan, because such acts will not only alienate the sympathy of the United States and the Powers associated with it, but will make the Japanese militarists all the more stubborn, thus deferring to a more distant date the Japanese evacuation of Siberia.

In retrospect the interallied Siberian expedition is an extremely interesting subject of study. Of course Japan blundered most, but the United States and Great Britain are not free from mistakes. From the beginning, the Siberian policies of the Powers have been vacillating, uncertain, and feeble. Japan is probably the only country which has followed a consistent policy, even though that policy was based upon a mistaken idea. Japan's primary purpose in the Siberian expedition was to oppose the spread of Bolshevism and to restore law and order, and she has consistently pursued that policy. But Bolshevism is an ideal, an intangible thing, whose spread cannot be prevented by a "sanitary cordon" formed by the guns of soldiers. The best way to prevent its propagation in Japanese territories would be to recall Japanese soldiers from Siberian soil and expend the money thus saved on necessary internal reform both in Korea and in Japan. As for the restoration of law and order in Siberia, Japan certainly is not in a position to undertake such an interminable task at the sacrifice of countless treasure. No

one can tell how long the present state of chaos and disintegration in Siberia will continue, and Japanese public opinion will not permit our troops to remain there indefinitely.

The history of Siberian intervention may be briefly told. Towards the end of January, 1918, the world began to talk about possible intervention in Siberia. It was rumored at that time that the Japanese foreign minister informally consulted the British, American and French Governments with a view to ascertaining their attitude towards the Siberian situation which had become extremely dangerous by reason of the downfall of the Kerensky Government and the appearance of the Bolshevist regime. France immediately responded in favor of intervention. In the judgment of the Quai d'Orsay, intervention was not only Japan's right but her duty. England, though somewhat undecided, was favorably inclined towards intervention. President Wilson, on the other hand, could not see his way to agree with the French and British foreign offices on this question. In March, 1918, Mr. Wilson addressed a note to the Japanese Government setting forth his view on the Siberian question.

In the meantime, anti-Bolshevik Russians throughout Siberia appealed to Japan for aid. In their judgment a vigorous intervention, backed by a strong army, was the only salvation for Siberia. Certain elements in the responsible quarters in Japan were undoubtedly inclined to lend ear to this appeal. This attitude of the Japanese was evidently strengthened by the ascendancy which the Bolsheviki were gaining in Eastern Siberia. It was reported that the Soviet Government at Moscow had entered into an agreement with the German General Staff, promising to send Russian agitators and agents of destruction out of Vladivostok and to the ports of

the United States, Japan and the British colonies. They had also agreed to ship across Siberia three submarines in parts, to be put together at Vladivostok, and employed in the Pacific for the detriment of allied shipping. That these rumors were well founded was later proven by the evidence made public by the American Committee on Public Information on September 14, 1918. To make the situation worse, the Bolsheviki were everywhere fraternizing with German and Austrian prisoners of war whom they had released. East of Lake Baikal they were fighting against General Semenov, the leader of the anti-Bolshevik forces in Eastern Siberia. The number of liberated war prisoners in that region was estimated variously at between 30,000 and 60,000.

All these conditions intensified Japanese fear of the Bolshevist advance towards the Pacific. By May, 1918, the British and French Governments recognized more clearly than ever the necessity of an intervention. President Wilson was also compelled to see the danger that was developing in Siberia. By June Mr. Wilson had entirely changed his mind on the Siberian question and took the initiative to negotiate with Japan for an allied intervention or military action. He found a plausible reason for intervention in the appearance of a large number of Czecho-Slovaks who had deserted the Austrian army and were forcing their way through Siberia in an effort to reach Vladivostok. The rescue of these Czecho-Slovaks was the primary reason attributed by Mr. Wilson to the allied action. On August 3, the American Government, having arrived at an agreement with the Government at Tokyo, issued a statement defining its attitude towards Siberia. The statement said:

"As the Government of the United States sees the

present circumstances, military action is admissible in Russia now only to render such protection and help as is possible to the Czecho-Slovaks against the armed Austrian and German prisoners who are attacking them, and to steady any efforts at self-government or self-defense in which the Russians themselves may be willing to accept assistance. . . .

"In taking this action, the Government of the United States wishes to announce to the people of Russia in the most public and solemn manner that it contemplates no interference with the political sovereignty of Russia, no intervention in her internal affairs—not even in the local affairs of the limited areas which her military force may be obliged to occupy—and no impairment of her territorial integrity, either now or hereafter, but that what we are about to do has as its single and only object the rendering of such aid as shall be acceptable to the Russian people themselves in their endeavors to regain control of their own affairs, their own territory, and their own destiny."

On the same date the Japanese Government also issued a statement conveying much the same message as was contained in the American statement. The Japanese note said:

"In adopting this course, the Japanese Government remain constant in their desire to promote relations of enduring friendship, and they reaffirm their avowed policy of respecting the territorial integrity of Russia, and of abstaining from all interference in her internal politics. They further declare that upon the realization of the objects above indicated they will immediately withdraw all Japanese troops from Russian territory, and will leave wholly unimpaired the sovereignty of Russia in all its phases, whether political or military."

As the result of the agreement reached between

Japan and America the first contingent of allied forces landed at Vladivostok on August 10, 1918, and was received with great enthusiasm by the Russians. But this enthusiasm soon faded and in its place a feeling of disappointment, suspicion, and fear began to assert itself.

## CHAPTER XXXVI

## JAPAN'S DISCORD WITH AMERICA

*Washington, January 25, 1922:* The Chita Government holds the American Government partly responsible for the continued stay of Japanese troops on Siberian soil. On April 10, 1921, the National Assembly of the Far Eastern Republic addressed a note to the American Government, arguing that the United States was under obligation to compel the withdrawal of Japanese soldiers simultaneously with American evacuation.

Upon receipt of this note, the State Department ordered Dr. Abbott and Colonel Davis, the commercial and the military attaché, respectively, of the American Embassy at Tokyo, to proceed to Chita and investigate the real status of the new Republic. The American mission was most cordially received by the authorities of the Far Eastern Republic, who hoped that American recognition would soon follow. Upon their return to Washington, Dr. Abbott and Colonel Davis submitted to the State Department a report which is said to be very favorable to Chita. And yet no step has been taken by the American Government.

In the eyes of the Chita Government, the American initiative taken in the organization of the interallied expedition imposes upon America the responsibility of ending that expedition, not independently of, but concurrently with, her allies and associates interested in the undertaking. But in January, 1920, the American Government, without consulting Japan, suddenly de-

cided to withdraw its troops from Siberia, and by March the American soldiers had actually left that country. Had the Washington Government taken Japan into confidence and conferred with her frankly and earnestly, as it did in the summer of 1918, a complete and simultaneous evacuation in the spring of 1920 might have been possible. Such a course might have delayed evacuation for a few months, but the end would have fully justified the delay.

Perhaps the American failure to consult Japan on this important matter was a case of tit for tat. We recall that at the beginning of the allied intervention, Japan failed to enter into clear understanding with America in sending to Siberia an army very much larger than had been agreed upon between the two governments. From that time on, harmony between the Japanese and American armies in Siberia was conspicuous mainly by its absence. To understand the real cause for this discord we must note the fundamental difference between the American and Japanese conceptions of the intervention.

From the beginning, the American idea of the Siberian undertaking was different from that of the Japanese. The Americans believed that they had nothing to do with the internal political conditions of Russia and that they were not in Siberia to attack Bolshevism or the Bolsheviki. On the contrary the Japanese soldiers believed, or were made to believe, that the Bolsheviki were their enemies and that they were sent to Siberia to combat Bolshevism. On the whole, the American attitude was wise and right.

To the Russians, however, neither the Japanese nor the American attitude was satisfactory. We must remember that there were and are two classes of Russians, one strongly opposed to Bolshevism, and the other

either entirely identified with or sympathetic towards it. The American policy did not please those Russians who were opposed to Bolshevism and who expected the allied forces to carry on a vigorous military campaign against the Bolshevist forces. To these Russians the American soldiers appeared unduly friendly and sympathetic towards the Bolsheviki. The consequence was that the conservative elements in Siberia were not only disappointed but became somewhat antagonistic towards the Americans.

On the other hand, the Japanese soldiers invited the hostility of the radical elements, although they were kindly received by the conservatives. On several occasions the Japanese attacked what they believed to be Bolshevist forces, while the Americans never attacked them. The hostility of the Bolsheviki towards the Japanese army manifested itself at various times in a deplorable manner. The most notable example is the annihilation of 250 Japanese soldiers on February 26, 1919, at a small village called Yufuka in the Amur district. On such occasions the American soldiers failed to cooperate with the Japanese. Although plausible official explanations were offered for such failures, the real and fundamental reason was in the difference between the American and the Japanese attitude towards the Bolsheviki.

As the Japanese idea of the intervention was the preservation of law and order in Siberia, the Japanese Government, or at least the military wing of it, was not in entire accord with the American Government in regard to the number of troops to be sent to Siberia. The American proposal limited the number to 8,000 each for Japan and America. Thus in August, 1918, America sent the Twenty-Seventh and Thirty-First Regiments and established headquarters at Vladivostok and

at Habarovsk. Japan sent the Twelfth Division, which established its headquarters at Habarovsk.

In the meantime, however, the situation in Transbaikal Province became so ominous that the Japanese Government thought it imperative to send two more divisions in that direction. In the judgment of the Japanese Government, this was justifiable by reason of her geographical proximity to the regions disturbed by the Bolsheviki and the German and Austrian prisoners of war who had been set free by the Russian revolution. Thus, in the fall of 1918, the Seventh Division of the Japanese army established itself at Manchuli, while the Third Division was stationed at Chita. By the end of the year, Japan had 70,000 soldiers in Siberia and Manchuria. As late as September 15, 1919, Mr. Baker, the Secretary of War, told the military committee of the House of Representatives that there were at that time 60,000 Japanese troops in Siberia as against 8,477 Americans, 1,429 British, 1,400 Italians, and 1,076 French.

America was wise in recalling her troops as soon as she found that the Siberians were getting tired of foreign intervention. Had the Americans stayed in Siberia they would have become just as unpopular as the Japanese. In fact the popularity of American troops lasted only for six or seven months after their appearance in Siberia. As they settled down for the winter with no enemy to fight and without any particular work to do, they fretted and chafed and became unruly. That was one of the causes of Russian revulsion. As early as March, 1919, the Associated Press reported from Vladivostok that the newspapers were full of tirades and distortions of facts calculated to sow discord among Americans, Russians and their allies. The report continued:

"Diatribes have been received in silence and as a consequence the loyal friends of the United States among the Russians are wavering. The silence and do-nothing policy of the Americans is plainly getting on the nerves of the Russians. France and England have few troops here and these are not actively engaged, but their commissioners are visiting and counselling the Omsk Government, with the result that they are being credited with being the best friends of Russia. The Japanese are regarded as having rendered positive service in a military way. Only the Americans, to whom the Russians looked for help and sympathy, are considered to have failed, not because of their failure to send more troops, but for lack of moral and material support, such as other nations are giving."

In May, 1919, the All-Russia Government, established in Omsk, requested Major General Graves, the American commander, not to send American troops farther into the interior of Siberia than they were at that time. The Omsk Government stated in effect that this was necessary in order to preserve what was left of friendly relations with America, thus plainly intimating that the advance of American soldiers was not desired. The Omsk note read in part as follows:

"The attitude of the Washington Government is being used by certain political groups to create discord among the Russian people and thus weaken this government. It ought to be said that every Russian is concerning himself with the question of the attitude of Americans towards Bolshevism, and it is the most democratic element of the people here who are opposed to the troops advancing farther."

As the days passed Russian sentiment towards the American troops became worse. In August, 1919, the *Golos Primoria,* a liberal organ in Vladivostok, minced

no words in expressing displeasure towards American policy. "After a year of intervention in Siberia," it said, "Washington does not understand the trend of events now going on in Siberia." Continuing this newspaper assailed the American Government in the following vehement language:

"The American Government means only Admiral Kolchak's armies when speaking of the negotiations carried on for the purchase, by the American Secretary of War, of drugs and other goods necessary for the Red Cross. In short, the American Government is fixing up a separate Siberian state and a separate Siberian people, while it has no power or right to do so. We understand perfectly well this policy of Washington. *It is a policy to divide and dismember Russia into sections, a policy which American official circles carry on with extraordinary stubbornness.*"

These quotations sufficiently show which way the wind was blowing in Siberia. Note how similar these denunciations are to those now directed against the Japanese. The Americans had the wit to see that it was futile for them to remain in that country. They had come to know that any further delay of evacuation would simply develop bitter feelings among the Russians in Far Eastern Asia. The consequence was the American withdrawal of March, 1920.

It goes without saying that Japan blundered badly when she failed to evacuate Siberia at the same time as the American withdrawal. Had the Japanese troops left Siberia at that time the Government at Tokyo could have told the public that the action was taken after full consultation with the American Government, thus disarming the press and the public, which were exceedingly consorious towards the Siberian policy of the Government.

Soon after the withdrawal of the American troops, however, Japan decided to evacuate Transbaikal and Amur Province. By the end of May, 1920, all the Japanese forces in those regions were recalled. Even Habarovsk, an important center of communication on the junction of the Amur and Ussuri rivers, was evacuated. Thus the Japanese troops, some 20,000 in number, were concentrated within a radius of some 150 miles from Vladivostok.

In the meantime public opinion in Japan had been growing stronger in favor of complete evacuation. Had it not been for the unfortunate incident which took place in Nikolaievsk on March 13, 1920, the Japanese Government might have been compelled to heed this growing public sentiment. But the Nikolaievsk incident in which 700 Japanese, including the Japanese Consul, were most cruelly murdered by an army of Russian desperadoes, furnished the Japanese militarists with a new pretext for the continued stay of Japanese troops in Siberia. The Japanese militarists blame the Bolsheviki for the incident. But it is difficult to ascertain whether those desperadoes were Bolsheviki. On the other hand, the Russian radicals claim that the Nikolaievsk massacre was due to a scheme deliberately concocted by the Japanese agents of provocation. The Japanese Government, of course, vigorously refutes such insinuations and argues that the Japanese in Nikolaievsk had done nothing to provoke the Bolsheviki. When the incident took place, the Japanese militarists did not fail to take the opportunity to exaggerate the horrors of Bolshevist agitation, and picture the imminent danger of a hostile influence menacing Japan across a narrow sea. At any rate the Japanese Government decided not only to leave the soldiers in the Vladivos-

tok region, but also to occupy the northern part of Saghalien.

The Siberian expedition has been a great fiasco for which all the allied nations must be blamed. It was a great mistake to send any expedition at all. America should have stood firm upon her original stand, refusing to subscribe to any idea of intervention. When the American Government changed its mind in the summer of 1918, it committed a most deplorable blunder. Of course England blundered just as badly as Japan and the United States. It was British policy which set up the Kolchak government at Omsk. To further that policy Britain supplied Kolchak with money and munitions.

It would have been a good thing for Japan if the Conference had adopted a resolution with a view to facilitating the complete evacuation of Siberia. Such a resolution should of course have been couched in very diplomatic language so as not to hurt the susceptibilities of the Japanese. I am certain that Japanese public opinion would have welcomed such a resolution, even though it might have been resented by Japanese militarists.

## CHAPTER XXXVII

## THE IRONY OF FATE

*Washington, January 24, 1922:* Today Mr. Hughes, on behalf of the American delegation, responded to the statement made by Baron Shidehara yesterday. He accepts the Baron's assurance that "it is Japan's fixed policy to respect the territorial integrity of Russia, and to observe the principle of non-intervention in the internal affairs of that country, as well as the principle of equal opportunity for the commerce and industry of all nations in every part of the Russian possessions." This is the language used by Baron Shidehara himself in his statement yesterday.

Mr. Hughes goes a step further, and puts on record the American interpretation of the Japanese assurance. "These assurances," he says, "are taken to mean that Japan does not seek, through her military operation in Siberia, to impair the rights of the Russian people in any respect, or to obtain any unfair commercial advantages, or to absorb for her own use the Siberian fisheries, or to set up an exclusive exploitation either of the resources of Saghalien or of Maritime Province."

Thus has the Conference disposed of the Siberian question. Japan is not asked to set a date for the withdrawal of her troops. Nor has the Conference adopted any resolution defining the attitude of the Powers towards Siberia. How could it do anything more? How could the Conference criticise or censure Japanese

policy in Siberia, when most of the nations represented here have at various times in the past done in different parts of the world much the same thing as the Japanese are doing across the Japan Sea?

Nevertheless Baron Shidehara's statement, coupled with Mr. Hughes' response, imposes upon Japan a grave moral obligation to do right by Russia and to withdraw from Siberia at the earliest possible moment. To all intents and purposes, those two statements have a binding force as strong as a resolution adopted by the Conference. In other words, they put Japan on probation, from which she must come out honorably if she is to win the confidence and respect of the Powers.

And yet is it not the greatest irony of fate that Russia should, through the instrumentality of this Conference, be given guarantee for the territorial integrity of Siberia? For the territories which Russia now holds on the Pacific were robbed from China and Japan only 50 or 60 years ago, when these nations were utterly unfamiliar with the ways of Occidental diplomacy. Let us first see how Russia usurped Chinese territories on the other side of the Amur and Ussuri rivers.

The story of the Russian advance toward the Far East must begin with the story of Yermak. Toward the end of the fifteenth century this warrior, with a band of Cossacks, crossed the Ural Mountains. In 1587 Tobolsk was established; in 1604, Tomsk; in 1619, Yenisseisk; in 1638, Okhotsk. In a century and a half the whole country from the Urals to the Okhotsk, a distance of 6,000 miles, was brought under the rule of the White Czar.

Russia's next step was to descend southward and find an outlet which would not be sealed by ice most of the twelve months. It was for this purpose that, in the middle of the seventeenth century, the Cossacks forced

their way beyond Lake Baikal and into the yet unknown region bordering the mighty stream of the Amur.

Here they came in collision with the Chinese garrisons, for the country was, at least nominally, under the suzerainty of the Chinese Empire. In that period the far eastern boundary of the empire of Muscovy was the Yablonoi and Stanovoi ranges, which, rising not far from Lake Baikal, extend their course in a northeasterly direction to the frozen shores of the Okhotsk Sea. When the Russians made their advent in the regions east of the Yablonoi mountains, they were greeted with desultory assaults at the hands of the Chinese, who had already established outposts at various strategical points and who had been extorting from the aboriginal tribes sables and other valuable skins. Yet the Cossacks pressed forward, and established in 1685 a foothold at Albazin, on the upper reaches of the Amur.

Alarmed by this Russian invasion, the Chinese authorities in that region entered into negotiations with the Russian representatives. The parley resulted in the Nerchinsk Treaty of 1689, the purpose of which was, to quote the preamble to that instrument, to "repress the insolence of certain rascals, who make hunting incursions beyond the limits of their territories, and pillage, murder and stir up trouble and quarrels, as well as to determine clearly and distinctly the boundaries of the two empires of China and Muscovy."

By virtue of the Nerchinsk Treaty, Russia recognized the Stanovoi mountains as the northern boundary of her territory, and made inroads across the Yablonoi ranges and into Chinese territory as far as the Aigun river.

In 1741 Behring and Tchirikoff discovered what is now the Territory of Alaska. This memorable event was followed, in 1797, by the establishment by Em-

peror Paul of the Russo-American Company, the object of which was fishery and trade in the Northern Pacific. In 1850 Captain Nevelskoi sailed southward along the coasts of Kamchatka and Okhotsk, and in 1851 founded at the mouth of the Amur a victualing post destined to become a thriving port known as Nikolaievsk. In 1858 more naval posts were established in Castries Bay and at Port Imperial. In 1857 the Russian scientist Veniukoff explored the vast region traversed by the Ussuri River, a tributary of the Amur.

But the most important step taken by Russia in these Far Eastern regions was the exploration by Count Muravieff, Governor-General of Irkutsk, of the great country washed by the Amur River. In 1854 the daring Count improvised a flotilla of flat-bottomed barges and sailed down the winding course of the turgid waters for almost 2,000 miles from Stretinsk to the mouth of the Amur. The discovery of this waterway from the Transbaikal region to the Okhotsk Sea opened the eyes of the Russians to the boundless possibilities which were in store for them in the country along the Amur. Russia's exultation upon this great discovery may well be imagined from these effusive words of joyful exclamation addressed by Count Muravieff to the Cossacks who followed him in the adventure:

"Comrades, I congratulate you! Our efforts were not in vain. The Amur has become the property of Russia. The Holy Orthodox Church prays for you; Russia is grateful. Long live the Czar Alexander! May the newly acquired territory prosper under his mighty protection! Hurrah!"

The Amur did indeed become Russia's property, notwithstanding China's remonstrances. Soon after its exploration—that is, in 1858—Count Muravieff succeeded in persuading the local Chinese authorities to

sign at Aigun a treaty formally recognizing the Russian occupation of the vast territory stretching from the Stanovoi ranges on the north down to the Amur River on the south—a country to which China had claimed a right of eminent domain. In 1860, two years after the conclusion of the Aigun Treaty, Russia scored another diplomatic coup in the signing of the Peking Treaty, obliging China to forfeit another vast territory lying between the Amur River and the Japan Sea. In the year following the foundation was laid for the city of Vladivostok, an impressive name meaning "Dominion of the East." Thus, without firing a shot, without sacrificing a single life, Muravieff, the daring Count of the Amur, added to the map of Russia half a million square miles of territory.

Not satisfied with the annexation of such vast territories on the continent, Russia sent out marauding warships to the Japan Sea and in 1875 practically swindled Japan out of the Saghalien Island. This island has an area of 29,100 square miles. Japan had claimed ownership for this island by reason of discovery. Upon the termination of the Russo-Japanese War in 1905, Russia agreed to retrocede to Japan only that part of the island lying south of the fiftieth degree of north latitude. That section is 2,200 square miles in area, about two-fifths of the entire territory.

We have seen that by the treaties of Nerchinsk, Aigun, and Peking Russia obtained territories which are now known as Transbaikal, Amur, and Maritime Provinces, with a combined area of 659,589 square miles. This vast country has a population of only 1,695,000, making a density of 2.4 to the square mile. Much of this population consists of semi-civilized natives, as well as Chinese and Koreans. In the fifty years which followed the Russian annexation of the

country, the Russian Government has succeeded in sending thither only some 800,000 immigrants from European Russia. And why should Russians come so far for colonization, when they had nearer home more land than they could possibly utilize for many generations to come? One enthusiastic writer, an Englishman, estimates the arable land of Siberia at one billion acres, most of which is located in western and middle Siberia. This of course does not include 2,500,000 square miles of inhospitable lands north of the sixty-fifth degree of north latitude.

Yet even the Siberians—even those of them who profess Socialism or Communism—assume the attitude of the "dog in the manger" towards their neighbor struggling to subsist in a country choked by overpopulation!

## CHAPTER XXXVIII

## AN INTERNATIONAL TRUSTEE

*Washington, February 4, 1922:* The Far Eastern Committee has agreed not to agree on any definite plan for the safekeeping and improvement of the Chinese Eastern Railway, the Russian line running through North Manchuria. Although this matter has been treated by the Conference as a Chinese question, it is in reality a part of the Siberian question, because the railway forms an important section of the trans-Siberian line and is Russian property.

The resolution announced by the Committee yesterday states that the present condition of the Chinese Eastern Railway requires "a more careful selection of personnel to secure the efficiency of service, and a more economical use of funds to prevent waste of the property." It insists, furthermore, "upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bondholders and creditors," as well as the "obligations which they [interested Powers] deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad." (Appendix XII, section C.) This is an unmistakable reflection upon the Chinese administration.

Beyond this the Conference does not go. In view of the limited time at its disposal and of the complicated nature of the problem, the Conference has agreed

to deal with it in the immediate future through the "proper diplomatic channels."

To understand the Siberian railway question intelligently, we must begin with the Root Mission to Russia. When in June, 1917, Mr. Elihu Root, heading the American Mission, went to Petrograd, he was reported to have come to a certain understanding with the Kerensky Government with regard to the control of the Siberian railway as a war measure. Perhaps, in pursuance of that understanding, Colonel John F. Stevens, with some three hundred American railway engineers, arrived in the Far East in the fall of 1917. We will let ex-President Wilson explain how this was done. In his letter addressed to the Senate on July 25, 1919, the ex-President said:

"It is to be recalled that John F. Stevens, in response to a request of the provisional (Kerensky) government of Russia, went to Russia in the spring of 1917. A few months later he was made official adviser to the Minister of Ways and Communications at Petrograd under the provisional government.

"At the request of the provisional government and with the support of John F. Stevens, there was organized the so-called Russia Railway Service Corps composed of American engineers. As originally organized the personnel of this corps constituted fourteen skeleton division units as known in this country, the idea being that these skeleton units would serve as practical advisers and assistants on fourteen sections of the Siberian Railway and assist the Russians by their knowledge of long haul problems as known in this country and which are the rule and not the exception in Siberia.

"Owing to the Bolshevik uprising and the general chaotic conditions neither Mr. Stevens nor the Russia Railway Service Corps was able to begin work in Siberia

until March, 1918. They have been able to operate effectively only since the railway plan was adopted in February, 1919."

Mr. Wilson's reference to the railway plan adopted in February, 1919, calls for further explanation. This plan was an outcome of the interallied intervention, which commenced in August, 1918. At that stage the Siberian railway question was more complicated than in 1917. The intervention was undertaken by all the entente Powers. As a war measure, therefore, the control and improvement of the Siberian lines could no longer be undertaken by the United States alone.

In January, 1919, however, a satisfactory agreement was reached between Tokyo and Washington. By that time the demoralization of the Siberian and Manchuria railways was complete, and their effective control by an inter-allied organization was most urgent. Consequently in accordance with the above agreement the following four bodies were organized:

1. The Inter-allied Committee at Vladivostok, presided over by a Russian, and including one representative each from Japan, the United States, Britain, France, Italy and Czecho-Slovakia. This was a diplomatic and administrative body.
2. The Railway Technical Board, presided over by John F. Stevens, an American engineer, and consisting of one representative each from England, France, Japan, Italy, Russia, and Czecho-Slovakia. The office of this board was established in Harbin in the heart of North Manchuria.
3. The Inter-Allied Purchasing Committee, consisting of American, Japanese, British, French, and Russian representatives. This office was placed in Vladivostok. The Committee attended to the purchasing of materials necessary for the upkeep of the railways.

For this purpose Japan and America advanced $4,000,000 each.

4. The Board of Military Transportation, presided over by a Japanese officer, and organized for the purpose of superintending the transportation of allied troops.

Of these four bodies the Board of Military Transportation and the Inter-Allied Purchasing Committee have ceased to exist, while the Inter-Allied Committee has been converted into an organization of various foreign consuls stationed at Vladivostok.

The Inter-Allied Railway Technical Board, the most important of the four bodies, continues to function and is still presided over by Colonel John F. Stevens, the American engineer. When this board came into existence, Japan and America were the only nations which could render effective service for the maintenance of the Russian railways. Although all the allied nations were represented on the board, the two nations had to assume the practical control of the railways. To expedite their work, the Russian railways were divided into two sections, one assigned to American supervision, the other to Japanese. To Japan were assigned the Ussuri and Amur lines, totalling some 1,730 miles, while America took control of the Chinese Eastern (Manchuria) and the Transbaikal lines, totalling some 1,700 miles. The lines assigned to Japan passed through the regions infested with turbulent elements, and were considered far more difficult to operate than the lines assigned to America. But Japan was asked to take them, because she had a larger army, and was in a position to increase it in case of necessity.

When America withdrew from Siberia in March, 1920, the Inter-Allied Technical Board might have

been abolished. But the railways required continued supervision, and Mr. Stevens and the Japanese representatives have been obliged to continue their office at Harbin.

Almost simultaneously with the withdrawal of the American soldiers, Japan also withdrew her troops from the interior of Siberia. Consequently she has long since ceased to superintend the Amur and Ussuri railways, which are now in the hands of the Chita authorities.

The only line which is at present under the supervision of the Inter-Allied Technical Board is the Chinese Eastern or Manchurian line. This railway, involving an enormous outlay by the Czarist Government, is a purely Russian line. Russia was shrewd enough to appoint a few Chinese to nominally high positions in the railway company and thus save the face of the Chinese Government, but its actual administration was exclusively in Russian hands.

During the period of chaos which followed the fall of the Kerensky Government, the Chinese authorities gradually extended their influence over the administration of the Manchurian Railway. When, in March, 1920, Russian military guards mutinied, the Chinese authorities disarmed them and completely replaced them with Chinese soldiers. In October, 1920, the Chinese Government, after successful negotiations with the Russo-Asiatic Bank, which represented the Chinese Eastern Railway, issued an ordinance allowing itself greater power in the management of the railway. In pursuance of this ordinance, the Chinese Government appointed five directors for the Chinese Eastern Railway, while five others were appointed by the Russo-Asiatic Bank. It also created four departments for the railway, each having a Russian chief and a Chinese

assistant chief. Other officials were to be chosen impartially from Russians and Chinese. This was a great victory for China because under the previous railway administration she had practically no power.

In the meantime, dissatisfaction has been expressed on all sides because of the inefficiency of Chinese officials and the lack of discipline among the Chinese railway guards. There are some 180,000 Russians living in the railway zone in North Manchuria. Some of these Russians organized in Harbin, the metropolis of North Manchuria, a patriotic society known as the Association to Recover the Rights of Russia. In September, 1920, it published a pamphlet in the Russian language and circulated it among the Russians in the Far East. In this pamphlet the Association bitterly complained about the inefficiency and corruption of the Chinese administration which replaced the Russian administration in the railway zone, and enumerated six hundred cases in which the Chinese railway guards attacked Russian railway officials without any provocation, and resorted to brutality and extortion in dealing with Russian residents along the railway. Let me cite a few instances. A Chinese guard would beat a Russian conductor, if the conductor refused to let a Chinese ride without a ticket. If a Russian railway official requested the arrest of a Chinese who stole things from a station or a train, the Chinese guards would immediately come to the rescue of the Chinese and assault the Russian official. Even the Russian women have not been free from insults. The pamphlet gives the exact date and place for each of such incidents. It is monotonous, uninteresting reading, but in it you hear a bitter cry of a proud race which once dominated the Chinese territory but which is now dominated by the very people whom it had lorded it over.

Colonel John F. Stevens, the American engineer and head of the Inter-Allied Technical Board, has been supervising the operation of the railway in cooperation with the Chino-Russian management. To make this cooperation more effective, the authority of the Technical Board must be increased. Before the Board began to supervise operation, the deficit of the road was enormous, mainly due to the disorganized conditions of Siberia. But Colonel Stevens has managed to restore order in the operation of the railway and thus bring about a substantial increase in its revenue. Still the road is far from paying its own expenses. Furthermore, some $10,000,000 is immediately required to restore the road and equipment to their pre-war condition, for the railway has been badly abused in the past seven years. American experts on the Inter-Allied Technical Board at Harbin are frankly disappointed with the administrative integrity and efficiency of the Chinese who are connected with the Manchurian Railway. It is for this reason that the Conference has adopted a resolution which I have quoted at the beginning of this letter. If the Powers are to safeguard legitimate Russian interests in this road, they must devise a better plan for its management and operation. France is particularly anxious to see such a plan developed, because French capital has been heavily invested in the Siberian Railway through the Russo-Asiatic Bank financed largely by French capitalists. Japan is equally eager for the improvement of the road, because her South Manchurian Railway, unless connected with an ably managed Russian line to the northward, cannot become a part of the world's highway which the railway is anxious to be.

# APPENDICES

## Treaties and Resolutions Adopted by and Official Statements Submitted to the Washington Conference

## Appendix I

# AGENDA OF THE CONFERENCE

### A. LIMITATION OF ARMAMENTS

1. Limitation of naval armament under which shall be discussed:
   - (a) Basis of limitation.
   - (b) Extent.
   - (c) Fulfillment.
2. Rules for control of new agencies of warfare.
3. Limitation of land armament.

### B. PACIFIC AND FAR EASTERN QUESTIONS

1. Questions relating to China:
   First—Principles to be applied.
   Second—Application.
   Subjects—
   - (a) Territorial integrity.
   - (b) Administrative integrity.
   - (c) Open Door—equality of commercial and industrial opportunity.
   - (d) Concessions, monopolies or preferential economic privileges.
   - (e) Development of railways, including plans relating to Chinese Eastern Railway.
   - (f) Preferential railroad rates.
   - (g) Status of existing commitments.
2. Siberia.
3. Mandated islands (unless questions earlier settled).
4. Electrical communications in the Pacific.

## Appendix II

# SHANTUNG

### A. ARTICLES IN THE VERSAILLES TREATY TRANSFERRING TO JAPAN GERMAN RIGHTS IN SHANTUNG.

*Article 156*

Germany renounces, in favor of Japan, all her rights, title and privileges—particularly those concerning the Territory of Kiaochow, railways, mines, and submarine cables—which she acquired in virtue of the treaty concluded by her with China on March 6, 1898, and all other arrangements relative to the Province of Shantung.

All German rights in the Tsingtao-Tsinanfu Railway, including its branch lines, together with its subsidiary property of all kinds, stations, shops, fixed and rolling stock, mines, plant and material for the exploitation of the mines, are and remain acquired by Japan, together with all rights and privileges thereto.

The German State submarine cables from Tsingtao to Shanghai, and from Tsingtao to Chefoo, with all the rights, privileges, and properties attaching thereto, are similarly acquired by Japan free and clear of all charges and encumbrances.

*Article 157*

The movable and immovable property owned by the German State in the Territory of Kiaochow, as well as the rights which Germany might claim in consequence of the works or improvements made or of the expenses incurred by her directly or indirectly in connection with this territory, are and remain acquired by Japan, free and clear of all charges and encumbrances.

*Article 158*

Germany shall hand over to Japan within three months from the coming into force of the present Treaty, the archives, registers, plans, title-deeds and documents of every kind, wherever they may be, relating to the administration, whether civil, military, financial, judicial, or other, of the Territory of Kiaochow.

Within the same period Germany shall give particulars to Japan of all treaties, arrangements, or agreements relating to the rights, title or privileges referred to in the two preceding Articles.

## B. JAPAN'S MEMORANDUM TO CHINA CONCERNING SHANTUNG, SEPTEMBER 7, 1921

NOTE:—The following outline of the terms of settlement concerning Shantung were presented to the Chinese Government by the Japanese Minister at Peking on September 7, 1921. These are the last proposals made by Japan before the opening of the Washington Conference. Note the difference from the Shantung provisions of the Versailles Treaty.—*The Author.*

1. The leasehold of Kiaochow and the rights originally granted to Germany with regard to the fifty-kilometre zone around the Kiaochow Bay shall be restored to China.

2. The Japanese Government will abandon plans for the establishment of a Japanese exclusive settlement or of an international settlement in Tsingtao: provided that China engages to open of its own accord the entire Leased Territory of Kiaochow as a port of trade, and to permit the nationals of all foreign countries freely to reside and to carry on commerce, industry, agriculture or any other lawful pursuits within such territory, and that she further undertakes to respect the vested rights of all foreigners.

China shall likewise carry out forthwith the opening of suitable cities and towns within the Province of Shantung for residence and trade of the nationals of all foreign countries.

Regulations for the opening of places under the foregoing clauses shall be determined by the Chinese Government upon consultation with the Powers interested.

3. The Kiaochow-Tsinanfu Railway and all mines appurtenant thereto shall be worked as a joint Chino-Japanese enterprise.

4. Japan will renounce all preferential rights with regard to foreign assistance in persons, capital and material, stipulated in the Chino-German Treaty of March 6, 1898.

5. Rights relating to the extensions of the Kiaochow-Tsinanfu Railway, as well as options for the construction of the Yentai-Weishien Railway, will be thrown open for the common activity of the International Financial Consortium in China.

6. The status of the Customs House at Tsingtao as forming an integral part of the general customs system of China shall be made clearer than under the German regime.

7. Public property used for administrative purposes within the Leased Territory of Kiaochow will, in general, be transferred to China; it being understood that the maintenance and operation of public works and establishments shall be previously arranged between the Japanese and Chinese Governments.

8. With a view to arranging detailed plans for carrying into effect the terms of settlement above indicated, and for the purpose of adjusting other matters not embodied therein, the Japanese and Chinese Governments shall appoint their respective commissioners as soon as possible.

9. The Japanese Government have on more than one occasion declared willingness to proceed to the recall of Japanese troops now stationed along the Kiaochow-Tsinanfu Railway upon organization by China of a police force to assume protection of the Railway. As soon as the Chinese Government shall have organized such a police force and notify the Japanese Government to that effect, Japanese troops will be ordered to hand over to the Chinese police the charge of the railway protection, and thereupon immediately to withdraw. It is, however, to be understood that the question of the organization of a special police guarding the Kiaochow-Tsinanfu Railway shall be reserved for future consideration between Japan and China.

## C. TREATY FOR THE SETTLEMENT OF OUTSTANDING QUESTIONS RELATIVE TO SHANTUNG, SIGNED AT WASHINGTON, FEBRUARY 3, 1922

China and Japan, being equally animated by a sincere desire to settle amicably and in accordance with their common interest outstanding questions relative to Shantung, have resolved to conclude a treaty for the settlement of such questions, and have to that end named as their plenipotentiaries, that is to say:

His Excellency the President of the Chinese Republic;
Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary;
Vikyuin Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary; and
Chung-Hui Wang, Former Minister of Justice;
His Majesty the Emperor of Japan:
Baron Tomosaburo Kato, Minister of the Navy;
Baron Kijuro Shidehara, Ambassador Extraordinary and Plenipotentiary; and

Masanao Hanihara, Vice Minister for Foreign Affairs;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following articles:

### Restoration of the Former German Leased Territory of Kiaochow

*Article I*

Japan shall restore to China the former German Leased Territory of Kiaochow.

*Article II*

The Government of the Chinese Republic and the Government of Japan shall each appoint three commissioners to form a joint commission, with powers to make and carry out detailed arrangements relating to the transfer of the administration of the former German Leased Territory of Kiaochow and

to the transfer of public properties in the said territory and to settle other matters likewise requiring adjustment.

For such purposes the joint commission shall meet immediately upon the coming into force of the present treaty.

*Article III*

The transfer of the administration of the former German Leased Territory of Kiaochow and the transfer of public properties in the said territory, as well as the adjustment of other matters under the preceding article, shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

*Article IV*

The Government of Japan undertakes to hand over to the Government of the Chinese Republic upon the transfer to China of the administration of the former German Leased Territory of Kiaochow, such archives, registers, plans, title-deeds and other documents in the possession of Japan, or certified copies thereof, as may be necessary for the transfer of the administration, as well as those that may be useful for the subsequent administration by China of the said territory and of the 50-kilometer zone around Kiaochow Bay.

**Transfer of Public Properties**

*Article V*

The Government of Japan undertakes to transfer to the Government of the Chinese Republic all public properties including land, buildings, works or establishments in the former German Leased Territory of Kiaochow, whether formerly possessed by the German authorities, or purchased or constructed by the Japanese authorities during the period of the Japanese administration of the said territory, except those indicated in Article VII of the present Treaty.

*Article VI*

In the transfer of public properties under the preceding article, no compensation will be claimed from the Government

of the Chinese Republic: Provided, however, that for those purchased or constructed by the Japanese authorities, and also for the improvements on or additions to those formerly possessed by the German authorities, the Government of the Chinese Republic shall refund a fair and equitable proportion of the expenses actually incurred by the Government of Japan, having regard to the principle of depreciation and continuing value.

*Article VII*

Such public properties in the former German Leased Territory of Kiaochow as are required for the Japanese Consulate to be established in Tsingtao shall be retained by the Government of Japan, and those required more especially for the benefit of the Japanese community, including public schools, shrines and cemeteries, shall be left in the hands of the said community.

*Article VIII*

Details of the matters referred to in the preceding three articles shall be arranged by the joint commission provided for in Article II of the present Treaty.

**Withdrawal of Japanese Troops**

*Article IX*

The Japanese troops, including gendarmes, now stationed along the Tsingtao-Tsinanfu Railway and its branches, shall be withdrawn as soon as the Chinese police or military force shall have been sent to take over the protection of the railway.

*Article X*

The disposition of the Chinese police or military force and the withdrawal of the Japanese troops under the preceding article may be effected in sections.

The date of the completion of such process for each section shall be arranged in advance between the competent authorities of China and Japan.

The entire withdrawal of such Japanese troops shall be

effected within three months, if possible, and, in any case, not later than six months, from the date of the signature of the present Treaty.

*Article XI*

The Japanese garrison at Tsingtao shall be completely withdrawn simultaneously, if possible, with the transfer to China of the administration of the former German Leased Territory of Kiaochow, and, in any case, not later than 30 days from the date of such transfer.

**Maritime Customs at Tsingtao**

*Article XII*

The custom house of Tsingtao shall be made an integral part of the Chinese maritime customs upon the coming into force of the present Treaty.

*Article XIII*

The provisional agreement of August 6, 1915, between China and Japan, relating to the reopening of the office of the Chinese maritime customs at Tsingtao shall cease to be effective upon the coming into force of the present Treaty.

**Tsingtao-Tsinanfu Railway**

*Article XIV*

Japan shall transfer to China the Tsingtao-Tsinanfu Railway and its branches, together with all other properties appurtenant thereto, including wharves, warehouses and other similar properties.

*Article XV*

China undertakes to reimburse to Japan the actual value of all the railway properties mentioned in the preceding article.

The actual value to be so reimbursed shall consist of the sum of fifty-three million, four hundred and six thousand, one hundred and forty-one (53,406,141) gold marks (which is the assessed value of such portion of the said properties as was

left behind by the Germans), or its equivalent, plus the amount which Japan, during her administration of the railway, has actually expended for permanent improvements on or additions to the said properties, less a suitable allowance for depreciation.

It is understood that no charge will be made with respect to the wharves, warehouses and other similar properties mentioned in the preceding article, except for such permanent improvements on or additions to them as may have been made by Japan, during her administration of the railway, less a suitable allowance for depreciation.

*Article XVI*

The Government of the Chinese Republic and the Government of Japan shall each appoint three commissioners to form a joint railway commission, with powers to appraise the actual value of the railway properties on the basis defined in the preceding article, and to arrange the transfer of the said properties.

*Article XVII*

The transfer of all the railway properties under Article XIV of the present Treaty shall be completed as soon as possible, and, in any case, not later than nine months from the date of the coming into force of the present Treaty.

*Article XVIII*

To effect the reimbursement under Article XV of the present Treaty China shall deliver to Japan simultaneously with the completion of the transfer of the railway properties, Chinese Government treasury notes, secured on the properties and revenues of the railway, and running for a period of fifteen years, but redeemable, whether in whole or in part, at the option of China, at the end of five years from the date of the delivery of the said treasury notes, or at any time thereafter upon six months' previous notice.

*Article XIX*

Pending the redemption of the said treasury notes under the preceding article, the Government of the Chinese Republic will

select and appoint, for so long a period as any part of the said treasury notes shall remain unredeemed, a Japanese subject to be traffic manager, and another Japanese subject to be chief accountant jointly with the Chinese chief accountant and with coordinate functions.

These officials shall all be under the direction, control and supervision of the Chinese managing director, and removable for cause.

*Article XX*

Financial details of a technical character relating to the said treasury notes, not provided for in this section, shall be determined in common accord between the Chinese and Japanese authorities as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

**Extensions of the Tsingtao-Tsinanfu Railway**

*Article XXI*

The concessions relating to the two extensions of the Tsingtao-Tsinanfu Railway, namely, the Tsinanfu-Shunteh and the Kaomi-Hsuchowfu lines, shall be made open to the common activity of an international financial group, on terms to be arranged between the Government of the Chinese Republic and the said group.

**Mines**

*Article XXII*

The mines of Tsechwan, Fangtze and Chinlingchen, for which the mining rights were formerly granted by China to Germany, shall be handed over to a company to be formed under a special charter of the Government of the Chinese Republic, in which the amount of Japanese capital shall not exceed that of Chinese capital.

The mode and terms of such arrangement shall be determined by the joint commission provided for in Article II of the present Treaty.

**Opening of the Former German Leased Territory of Kiaochow**

*Article XXIII*

The Government of Japan declares that it will not seek the establishment of an exclusive Japanese settlement, or of an international settlement, in the former German Leased Territory of Kiaochow.

The Government of the Chinese Republic, on its part, declares that the entire area of the former German Leased Territory of Kiaochow, will be opened to foreign trade, and that foreign nationals will be permitted freely to reside and to carry on commerce, industry and other lawful pursuits within such area.

*Article XXIV*

The Government of the Chinese Republic further declares that vested rights lawfully and equitably acquired by foreign nationals in the former German Leased Territory of Kiaochow, whether under the German regime or during the period of the Japanese administration, will be respected.

All questions relating to the status or validity of such vested rights acquired by Japanese subjects or Japanese companies shall be adjusted by the joint commission provided for in Article II of the present Treaty.

**Salt Industry**

*Article XXV*

Whereas the salt industry is a government monopoly in China, it is agreed that the interests of Japanese subjects or Japanese companies actually engaged in the said industry along the coast of Kiaochow Bay shall be purchased by the Government of the Chinese Republic for fair compensation, and that the exportation to Japan of a quantity of salt produced by such industry along the said coast is to be permitted on reasonable terms.

Arrangements for the above purposes, including the transfer of the said interests to the Government of the Chinese Republic,

shall be made by the joint commission provided for in Article II of the present Treaty. They shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

**Submarine Cables**

*Article XXVI*

The Government of Japan declares that all the rights, title and privileges concerning the former German submarine cables between Tsingtao and Chefoo and between Tsingtao and Shanghai are vested in China, with the exception of those portions of the said two cables which have been utilized by the Government of Japan for the laying of a cable between Tsingtao and Sasebo; it being understood that the question relating to the landing and operation at Tsingtao of the said Tsingtao-Sasebo cable shall be adjusted by the joint commission provided for in Article II of the present Treaty, subject to the terms of the existing contracts to which China is a party.

**Wireless Stations**

*Article XXVII*

The Government of Japan undertakes to transfer to the Government of the Chinese Republic the Japanese wireless stations at Tsingtao and Tsinanfu for fair compensation for the value of these stations, upon the withdrawal of the Japanese troops at the said two places, respectively.

Details of such transfer and compensation shall be arranged by the joint commission provided for in Article II of the present Treaty.

*Article XXVIII*

The present Treaty (including the annex thereto) shall be ratified, and the ratifications thereof shall be exchanged at Peking as soon as possible, and not later than four months from the date of its signature.

It shall come into force from the date of the exchange of ratifications.

In witness whereof, the respective plenipotentiaries have signed the present Treaty in duplicate, in the English language, and have affixed thereto their seals.

## ANNEX

### I. Renunciation of Preferential Rights

The Government of Japan declares that it renounces all preferential rights with respect to foreign assistance in persons, capital and material stipulated in the treaty of March 6, 1898, between China and Germany.

### II. Transfer of Public Properties

It is understood that public properties to be transferred to the Government of the Chinese Republic under Article V of the present Treaty include (1) all public works, such as roads, waterworks, parks, drainage and sanitary equipment, and (2) all public enterprises such as those relating to telephone, electric light, stockyard and laundry.

The Government of the Chinese Republic declares that in the management and maintenance of public works to be so transferred to the Government of the Chinese Republic, the foreign community in the former German Leased Territory of Kiaochow shall have fair representation.

The Government of the Chinese Republic further declares that, upon taking over the telephone enterprise in the former German Leased Territory of Kiaochow, it will give due consideration to the requests from the foreign community in the said territory for such extensions and improvements in the telephone enterprise as may be reasonably required by the general interests of the public.

With respect to public enterprises relating to electric light, stockyard and laundry, the Government of the Chinese Republic, upon taking them over, shall retransfer them to the Chinese municipal authorities of Tsingtao, which shall, in turn, cause commercial companies to be formed under Chinese laws for the management and working of the said enterprises, subject to municipal regulation and supervision.

### III. Maritime Customs at Tsingtao

The Government of the Chinese Republic declares that it will instruct the inspector general of the Chinese maritime customs (1) to permit Japanese traders in the former German Leased Territory of Kiaochow to communicate in the Japanese language with the custom house of Tsingtao; and (2) to give consideration, within the limits of the established service regulations of the Chinese maritime customs, to the diverse needs of the trade of Tsingtao, in the selection of a suitable staff for the said custom house.

### IV. Tsingtao-Tsinanfu Railway

Should the joint railway commission provided for in Article XVI of the present Treaty fail to reach an agreement on any matter within its competence, the point or points at issue shall be taken up by the Government of the Chinese Republic and the Government of Japan for discussion and adjustment by means of diplomacy.

In the determination of such point or points, the Government of the Chinese Republic and the Government of Japan shall, if necessary, obtain recommendations of experts of a third power or powers who shall be designated in common accord between the two Governments.

### V. Chefoo-Weihsien Railway

The Government of Japan will not claim that the option for financing the Chefoo-Weihsien Railway should be made open to the common activity of the International Financial Consortium, provided that the said railway is to be constructed with Chinese capital.

### VI. Opening of the Former German Leased Territory of Kiaochow

The Government of the Chinese Republic declares that, pending the enactment and general application of laws regulating the system of local self-government in China, the Chinese local authorities will ascertain the views of the foreign residents in the former German Leased Territory of Kiaochow

in such municipal matters as may directly affect their welfare and interests.

## D. UNDERSTANDINGS RECORDED IN THE MINUTES OF CHINO-JAPANESE CONVERSATIONS

### I. Transfer of Public Properties

1. Japanese subjects will be permitted, subject to the provisions of Chinese law, to become members or shareholders of any of the commercial companies to be formed with respect to public enterprises mentioned in Paragraph 4 of Annex II of the Treaty.

### II. Withdrawal of Japanese Troops

2. After the withdrawal of the Japanese troops provided for in Article IX of the Treaty, no Japanese military force of any kind will remain in any part of Shantung.

### III. Tsingtao-Tsinanfu Railway

3. All light railways constructed by Japan in Shantung and all properties appurtenant thereto shall be considered as part of the properties of the Tsingtao-Tsinanfu Railway.

4. The telegraph lines along the Railway shall also be considered as part of the Railway properties.

5. The Chinese authorities, upon taking over the Railway, shall have full power and discretion to retain or to remove the present employees of Japanese nationality in the service of the Railway. In replacing such employees, reasonable notice shall be given before the date of the transfer of the Railway. Detailed arrangements regarding the replacements to take effect immediately on the transfer of the Railway are to be made by the Joint Railway Commission provided for in Article XVI of the Treaty.

6. The entire subordinate staff of the Japanese Traffic Manager and the Japanese Chief Accountant of the Railway is to be appointed by the Chinese Managing Director. After two years and a half from the date of the transfer of the Railway, the Chinese Government may appoint an Assistant Traffic Manager of Chinese nationality for the period of two years

and a half, and such Chinese Assistant Traffic Manager may likewise be appointed at any time upon notice being given for the redemption of the Treasury Notes under Article XVIII of the Treaty.

7. The Chinese Government is under no obligation to appoint Japanese subjects as members of the subordinate staff above mentioned.

8. The redemption of the Treasury Notes under Article XVIII of the Treaty will not be effected with funds raised from any source other than Chinese.

9. The Chinese Government will ask the Japanese Government for such information as may be useful in making the selection of the Japanese Traffic Manager and the Japanese Chief Accountant of the Railway.

10. All questions relating to the existing contracts or commitments made by the Japanese authorities in charge of the Railway shall be settled by the Joint Railway Commission; and, prior to the transfer of the Railway, the said Japanese authorities will not make any new contracts or commitments calculated to be harmful to the interests of the Railway.

### IV. Opening of the Former German Leased Territory of Kiaochow

11. The term "lawful pursuits" used in Article XXIII of the Treaty shall not be so construed as to include agriculture, or any enterprise prohibited by Chinese law or not permitted to foreign nationals under the treaties between China and foreign Powers, it being understood that this definition shall be without prejudice to the question of the salt industry provided for in Article XXV of the Treaty or to any question relating to vested rights which shall be determined in accordance with Article XXIV of the Treaty.

### V. Post Offices

12. All the Japanese Post Offices outside of the former German Leased Territory of Kiaochow shall be withdrawn simultaneously with the transfer of the Tsingtao-Tsinanfu Railway, if such transfer shall take place before January 1, 1923, and, in any case, not later than the said date.

13. All the Japanese Post Offices within the former German Leased Territory of Kiaochow shall be withdrawn simultaneously with the transfer of the administration of the said Territory.

### VI. Claims

14. The omission of any reference in the Treaty to the question of claims which Chinese citizens may have against the Japanese authorities or Japanese subjects, for the restitution of real property in Shantung or for damages to the persons and property of Chinese citizens in Shantung, shall not prejudice such claims.

15. The Chinese authorities shall furnish the Japanese authorities with a list of such claims together with all available evidence in support of each claim. Justice shall be done through diplomatic channel as regards the claims against the Japanese authorities, and through ordinary judicial procedure as regards the claims against Japanese subjects. With respect to the latter class of claims, the investigation into actual facts of each case may, if necessary, be conducted by a Joint Commission of Japanese and Chinese officials, in equal number, to be specially designated for that purpose.

16. The Japanese Government shall not be held responsible for any damages which may have been directly caused by military operations of Japan during the late war.

## Appendix III

# THE TWENTY-ONE DEMANDS

### A. BARON SHIDEHARA'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, FEBRUARY 2, 1922

"At a previous session of this Committee, the Chinese delegation presented a statement urging that the Sino-Japanese Treaties and Notes of 1915 be reconsidered and cancelled. The Japanese delegation, while appreciating the difficult position of the Chinese delegation, does not feel at liberty to concur in the procedure now resorted to by China with a view to cancellation of international engagements which she entered into as a free sovereign nation.

"It is presumed that the Chinese delegation has no intention of calling in question the legal validity of the compacts of 1915, which were formally signed and sealed by the duly authorized representatives of the two Governments, and for which the exchange of ratifications was effected in conformity with established international usages. The insistence by China on the cancellation of those instruments would in itself indicate that she shares the view that the compacts actually remain in force and will continue to be effective, unless and until they are cancelled.

"It is evident that no nation can have given ready consent to cessions of its territorial or other rights of importance. If it should once be recognized that rights solemnly granted by treaty may be revoked at any time on the ground that they were conceded against the spontaneous will of the grantor, an exceedingly dangerous precedent will be established, with far-reaching consequences upon the stability of the existing international relations in Asia, in Europe and everywhere.

"The statement of the Chinese delegation under review

declares that China accepted the Japanese demands in 1915, hoping that a day would come when she should have the opportunity of bringing them up for reconsideration and cancellation. It is, however, difficult to understand the meaning of this assertion. It cannot be the intention of the Chinese delegation to intimate that China may conclude a treaty, with any thought of breaking it at the first opportunity.

"The Chinese delegation maintains that the Treaties and Notes in question are derogatory to the principles adopted by the Conference with regard to China's sovereignty and independence. It has, however, been held by the Conference on more than one occasion that concessions made by China *ex contractu,* in the exercise of her own sovereign rights, cannot be regarded as inconsistent with her sovereignty and independence.

"It should also be pointed out that the term 'Twenty One Demands,' often used to denote the Treaties and Notes of 1915, is inaccurate and grossly misleading. It may give rise to an erroneous impression that the whole original proposals of Japan had been pressed by Japan and accepted *in toto* by China. As a matter of fact, not only 'Group V' but also several other matters contained in Japan's first proposals were eliminated entirely or modified considerably, in deference to the wishes of the Chinese Government, when the final formula was presented to China for acceptance. Official records published by the two Governments relating to those negotiations will further show that the most important terms of the Treaties and Notes, as signed, had already been virtually agreed to by the Chinese negotiators before the delivery of the ultimatum, which then seemed to the Japanese Government the only way of bringing the protracted negotiations to a speedy close.

"The Japanese delegation cannot bring itself to the conclusion that any useful purpose will be served by research and re-examination at this Conference of old grievances which one of the nations represented here may have against another. It will be more in line with the high aim of the Conference to look forward to the future with hope and with confidence.

"Having in view, however, the changes which have taken place in the situation since the conclusion of the Sino-Japanese

Treaties and Notes of 1915, the Japanese delegation is happy to avail itself of the present occasion to make the following declaration:

"1. Japan is ready to throw open to the joint activity of the International Financial Consortium recently organized, the right of option granted exclusively in favor of Japanese capital, with regard, first, to loans for the construction of railways in South Manchuria and Eastern Inner Mongolia, and, second, to loans to be secured on taxes in that region; it being understood that nothing in the present declaration shall be held to imply any modification or annulment of the understanding recorded in the officially announced notes and memoranda which were exchanged among the Governments of the countries represented in the Consortium and also among the national financial groups composing the Consortium, in relation to the scope of the joint activity of that organization.

"2. Japan has no intention of insisting on her preferential right under the Sino-Japanese arrangements in question concerning the engagement by China of Japanese advisers or instructors on political, financial, military or police matters in South Manchuria.

"3. Japan is further ready to withdraw the reservation which she made, in proceeding to the signature of the Sino-Japanese Treaties and Notes of 1915, to the effect that Group V of the original proposals of the Japanese Government would be postponed for future negotiations.

"It would be needless to add that all matters relating to Shantung contained in those Treaties and Notes have now been definitely adjusted and disposed of.

"In coming to this decision, which I have had the honor to announce, Japan has been guided by a spirit of fairness and moderation, having always in view China's sovereign rights and the principle of equal opportunity."

B. MR. WANG'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, FEBRUARY 3, 1922

"The Chinese delegation has taken note of the statement of Baron Shidehara made at yesterday's session of the committee with reference to the Sino-Japanese Treaties and Notes of May 25, 1915.

"The Chinese delegation learns with satisfaction that Japan is now ready to throw open to the joint activity of the banking interests of other powers the right of option granted exclusively in favor of Japanese capital with regard, first, to loans for the construction of railways in South Manchuria and Eastern Inner Mongolia, and second, to loans secured on taxes in that region; and that Japan has no intention of insisting upon a preferential right concerning the engagement by China of Japanese advisers or instructors on political, financial, military or police matters in South Manchuria; also that Japan now withdraws the reservation which she made to the effect that Group V of her original demands upon China should be postponed for future negotiation.

"The Chinese delegation greatly regrets that the Government of Japan should not have been led to renounce the other claims predicated upon the Treaties and Notes of 1915.

"The Japanese delegation expressed the opinion that abrogation of these agreements would constitute 'an exceedingly dangerous precedent, with far-reaching consequences upon the stability of the existing international relations in Asia, in Europe and everywhere.'

"The Chinese delegation has the honor to say that a still more dangerous precedent will be established with consequences upon the stability of international relations which cannot be estimated if, without rebuke or protest from other powers, one nation can obtain from a friendly, but in a military sense, weaker neighbor, and under circumstances such as attended the negotiation and signing of the Treaties of 1915, valuable concessions which were not in satisfaction of pending controversies and for which no *quid pro quo* was offered. These Treaties and Notes stand out, indeed, unique in the annals of

international relations. History records scarcely another instance in which demands of such a serious character as those which Japan presented to China in 1915 have, without even pretense of provocation, been suddenly presented by one nation to another nation with which it was at the time in friendly relations.

"No apprehension need be entertained that the abrogation of the agreements of 1915 will serve as a precedent for the annulment of other agreements since it is confidently hoped that the future will furnish no such similar occurrence.

"So exceptional were the conditions under which the agreements of 1915 were negotiated, the Government of the United States felt justified in referring to them in the identic note of May 13, 1915, which it sent to the Chinese and Japanese Governments. That note began with the statement that 'in view of the circumstances of the negotiations which have taken place and which are now pending between the Government of China and the Government of Japan, and of the agreements which have been reached as the result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic (Japan) that it cannot recognize any agreement or undertaking which has been entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, or the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the Open Door policy.'

"Conscious of her obligations to the other Powers, the Chinese Government, immediately after signing the agreements, published a formal statement protesting against the agreements which she had been compelled to sign, and disclaiming responsibility for consequent violations of treaty rights of the other Powers. In the statement thus issued the Chinese Government declared that although they were 'constrained to comply in full with the terms of the (Japanese) ultimatum,' they nevertheless 'disclaim any desire to associate themselves with any revision which may be thus effected, of the various conventions and agreements concluded between the other Powers

in respect of the maintenance of China's territorial independence and integrity, the preservation of the status quo, and the principle of equal opportunity for the commerce and industry of all nations in China.'

"Because of the essential injustice of these provisions, the Chinese delegation, acting in behalf of the Chinese Government and of the Chinese people, has felt itself in duty bound to present to this Conference, representing the powers with substantial interests in the Far East, the question as to the equity and justice of these agreements and therefore as to their fundamental validity.

"If Japan is disposed to rely solely upon a claim as to the technical or juristic validity of the agreements of 1915, as having been actually signed in due form by the two Governments, it may be said that so far as this Conference is concerned, the contention is largely irrelevant, for this gathering of the representatives of the nine Powers, has not had for its purpose the maintenance of the legal status quo. Upon the contrary, the purpose has been, if possible, to bring about such changes in existing conditions upon the Pacific and in the Far East as might be expected to promote that enduring friendship among the nations of which the President of the United States spoke in his letter of invitation to the Powers to participate in this Conference.

"For the following reasons, therefore, the Chinese delegation is of the opinion that the Sino-Japanese Treaties and Exchange of Notes of May 25, 1915, should form the subject of impartial examination with a view to their abrogation:

"1. In exchange for the concessions demanded of China, Japan offered no *quid pro quo*. The benefits derived from the agreements were wholly unilateral.

"2. The agreements, in important respects, are in violation of treaties between China and the other Powers.

"3. The agreements are inconsistent with the principles relating to China which have been adopted by the Conference.

"4. The agreements have engendered constant misunderstandings between China and Japan, and, if not abrogated, will necessarily tend, in the future, to disturb friendly relations

between the two countries, and will thus constitute an obstacle in the way of realizing the purpose for the attainment of which this Conference was convened. As to this, the Chinese delegation, by way of conclusion, can, perhaps, do no better than quote from a resolution introduced in the Japanese parliament in June, 1915, by Mr. Hara, later premier of Japan, a resolution which received the support of some 130 of the members of the parliament.

"The resolution reads:

> Resolved, that the negotiations carried on with China by the present Government have been inappropriate in every respect; that they are detrimental to the amicable relationship between the two countries, and provocative of suspicions on the part of the Powers; that they have the effect of lowering the prestige of the Japanese Empire; and that, while far from capable of establishing the foundation of peace in the Far East, they will form the source of future trouble.

"The foregoing declaration has been made in order that the Chinese Government may have upon record the view which it takes, and will continue to take, regarding the Sino-Japanese Treaties and Exchange of Notes of May 25, 1915."

### C. MR. HUGHES' STATEMENT BEFORE THE FAR EASTERN COMMITTEE, FEBRUARY 3, 1922

"The important statement made by Baron Shidehara on behalf of the Japanese Government makes it appropriate that I should refer to the position of the Government of the United States as it was set forth in identical notes addressed by that Government to the Chinese Government and to the Japanese Government on May 13, 1915.

"The note to the Chinese Government was as follows:

> In view of the circumstances of the negotiations which have taken place and which are now pending between the Government of China and the Government of Japan and of the agreements which have been reached as a result

thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic that it cannot recognize any agreement or undertaking which has been entered into or which may be entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China or the international policy relative to China commonly known as the Open Door policy.

An identical note has been transmitted to the Imperial Japanese Government.

"That statement was in accord with the historical policy of the United States in its relations to China, and its position as thus stated has been and still is consistently maintained.

"It has been gratifying to learn that the matters concerning Shantung, which formed the substance of Group 1 of the original demands and were the subject of the Treaty and Exchange of Notes with respect to the Province of Shantung, have been settled to the mutual satisfaction of the two parties by negotiations made collaterally with this Conference as reported to the plenary session February 1.

"It is also gratifying to be advised by the statement made by Baron Shidehara, on behalf of the Japanese Government, that Japan is now ready to withdraw the reservation which she made in proceeding to the signature of the Treaties and Notes of 1915, to the effect that Group V of the original proposals of the Japanese Government—namely, those concerning the employment of influential Japanese as political, financial and military advisers, land for schools and hospitals, certain railways in South China, the supply of arms and the right of preaching—would be prepared for future negotiations.

"This definite withdrawal of the outstanding questions under Group V removes what has been an occasion for apprehension on the part of China and other foreign nations which felt that the renewal of these demands could not but prejudice the open door.

"With respect to the Treaty and Notes concerning South

Manchuria and Eastern Inner Mongolia, Baron Shidehara has made the reassuring statement that Japan has no intention of insisting on a preferential right concerning the engagement by China of Japanese advisers or instructors on political, financial, military or police matters in South Manchuria.

"Baron Shidehara has likewise indicated the readiness of Japan not to insist on the right of option granted exclusively in favor of Japanese capital with regard, first to loans for the construction of railways in South Manchuria and Eastern Inner Mongolia, and, second, with regard to loans secured on the taxes of those regions; but that Japan will throw them open to the joint activity of the International Financial Consortium recently organized.

"As to this, I say that it is doubtless the fact that any enterprise of the character which may be undertaken in the regions by foreign capital would in all probability be undertaken by the Consortium. But it should be observed that existing treaties would leave the opportunity for such enterprises open on terms of equality to the citizens of all nations. It can scarcely be assumed that this general right of the treaty powers in China can be effectively restricted to the nationals of those countries which are participants in the work of the Consortium, or that any of the Governments which have taken part in the organization of the Consortium would feel themselves to be in a position to deny all rights in the matter to any save the members of their respective national groups in that organization.

"I therefore trust that it is in this sense that we may properly interpret the Japanese Government's declaration of willingness to relinquish its claim under the 1915 treaties to any exclusive position with respect to railway construction and to financial operations secured upon local revenues in South Manchuria and Eastern Inner Mongolia.

"It is further to be pointed out that by Articles II and IV of the Treaty of May 25, 1915, with respect to South Manchuria and Eastern Inner Mongolia, the Chinese Government granted the Japanese subjects the right to lease land for building purposes, for trade and agricultural purposes in South Manchuria, to reside and travel in South Manchuria and to

engage in any kind of business and manufacture there, and to enter into joint undertakings with Chinese citizens in agricultural and similar industries in Eastern Inner Mongolia.

"With respect to this grant, the Government of the United States will, of course, regard it as not intended to be exclusive, and, as in the past, will claim from the Chinese Government for American citizens the benefits accruing to them by virtue of the most favored nation clauses in the treaties between the United States and China.

"I may pause here to remark that the question of the validity of the treaties as between Japan and China is distinct from the question of the treaty rights of the United States under its treaties with China; these rights have been emphasized and constantly asserted by the United States.

"In this, as in all matters similarly affecting the general right of its citizens to engage in commercial enterprise in China, it has been the traditional policy of the American Government to insist upon the doctrine of equality for the nationals of all countries, and this policy, together with the other policies mentioned in the note of May 13, 1915, which I have quoted, are consistently maintained by this Government. I may say that it is with especial pleasure that the Government of the United States finds itself now engaged in the act of reaffirming and defining, and, I hope that I may add, revitalizing, by the proposed Nine-Power Treaty, these policies with respect to China."

## Appendix IV

# THE OPEN DOOR

### A. ROOT RESOLUTION ADOPTED BY THE FAR EASTERN COMMITTEE, NOVEMBER 21, 1921

It is the firm intention of the Powers attending this Conference hereinafter mentioned, to wit, the United States of America, Belgium, the British Empire, France; Italy, Japan, the Netherlands and Portugal:

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China.

2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government.

3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China.

4. To refrain from taking advantage of the present conditions in order to seek special rights or privileges which would abridge the rights of the subjects or citizens of friendly States and from countenancing action inimical to the security of such States.

### B. HUGHES RESOLUTION FOR ENFORCING THE OPEN DOOR, ADOPTED BY THE FAR EASTERN COMMITTEE, JANUARY 18, 1922

I. With a view to applying more effectually the principles of the open door or equality of opportunity in China for the trade and industry of all nations, the Powers other than China represented at this Conference agree:

(a) Not to seek or to support their nationals in seeking any

arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

(b) Not to seek or to support their nationals in seeking any such monopoly or preferences as would deprive other nationals of the right of undertaking any legitimate trade or industry in China or of participating with the Chinese Government or with any local authority in any category or public enterprise which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

It is understood that this agreement is not to be so construed as to prohibit the acquisition of such properties or rights as may be necessary to the conduct of a particular commercial, industrial or financial undertaking or to the encouragement of invention and research.

II. The Chinese Government takes note of the above agreement and declares its intention of being guided by the same principles, in dealing with applications for economic rights and privileges from Governments and nationals of all foreign countries whether parties to that agreement or not.

III. The Powers, including China, represented at this Conference agree in principle to the establishment in China of a Board of Reference to which any question arising on the above agreement and declaration may be referred for investigation and report. (A detailed scheme for the constitution of the board shall be framed by the special conference referred to in Article I. of the convention on Chinese customs duties.)

### C. ROOT RESOLUTION PREVENTING THE CREATION OF SPHERES OF INFLUENCE. ADOPTED BY THE FAR EASTERN COMMITTEE, JANUARY 21, 1922

Resolved, That the signatory Powers will not support any agreement by their respective nationals with each other designed to create spheres of influence or to provide for the enjoyment of exclusive opportunity in designated parts of Chinese territory.

### D. GEDDES RESOLUTION AGAINST RATE DISCRIMINATION ON CHINESE RAILWAYS. ADOPTED BY THE FAR EASTERN COMMITTEE, NOVEMBER 10, 1921

The Chinese Government declares that throughout the whole of the railways in China, it will not exercise or permit any unfair discrimination of any kind. In particular there shall be no discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nationality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese railways.

The other Powers represented at this Conference take note of the above declaration and make a corresponding declaration in respect of any of the aforesaid railways over which they or their nationals are in a position to exercise any control in virtue of any concession, special agreement or otherwise.

Any question arising under this declaration may be referred by any of the Powers concerned to the Board of Reference, when established, for consideration and report.

### E. THE OPEN DOOR TREATY BASED UPON THE FOREGOING FOUR RESOLUTIONS, SIGNED FEBRUARY 6, 1922

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal:

Desiring to adopt a policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity;

Have resolved to conclude a treaty for that purpose, and to that end have appointed as their respective plenipotentiaries:

[here follows list of delegates]

who, having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

*Article I*

The contracting Powers, other than China, agree:

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China;

2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states.

*Article II*

The contracting Powers agree not to enter into any treaty, agreement, arrangement or understanding, either with one another, or, individually or collectively, with any Power or Powers, which would infringe or impair the principles stated in Article I.

*Article III*

With a view to applying more effectually the principles of the open door or equality of opportunity in China for the trade and industry of all nations, the contracting Powers, other than China, agree that they will not seek, nor support their respective nationals in seeking—

(a) Any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

(b) Any such monopoly or preference as would deprive the nationals of any other Power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government, or with any local authority, in any category of public enterprise, or which by reason of its scope,

duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

It is understood that the foregoing stipulations of this article are not to be so construed as to prohibit the acquisition of such properties or rights as may be necessary to the conduct of a particular commercial, industrial or financial undertaking or to the encouragement of invention and research.

China undertakes to be guided by the principles stated in the foregoing stipulations of this article in dealing with applications for economic rights and privileges from Governments and nationals of all foreign countries, whether parties to the present Treaty or not.

*Article IV*

The contracting Powers agree not to support any agreements by their respective nationals with each other designed to create spheres of influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territory.

*Article V*

China agrees that, throughout the whole of the railways in China, she will not exercise or permit unfair discrimination of any kind. In particular there shall be no discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nationality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese railways.

The contracting Powers, other than China, assume a corresponding obligation in respect to any of the aforesaid railways over which they or their nationals are in a position to exercise any control in virtue of any concession, special agreement or otherwise.

*Article VI*

The contracting Powers, other than China, agree fully to respect China's rights as a neutral in time of war to which

China is not a party; and China declares that when she is a neutral she will observe the obligations of neutrality.

*Article VII*

The contracting Powers agree that, whenever a situation arises which, in the opinion of any one of them, involves the applications of the stipulations of the present Treaty, and renders desirable discussion of such application, there shall be full and frank communication between the contracting Powers concerned.

*Article VIII*

Powers not signatory to the present Treaty, which have Governments recognized by the signatory Powers and which have treaty relations with China, shall be invited to adhere to the present Treaty. To this end the Government of the United States will make the necessary communications to nonsignatory Powers and will inform the contracting Powers of the replies received. Adherence by any Power shall become effective on receipt of notice thereof by the Government of the United States.

*Article IX*

The present Treaty shall be ratified by the contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other contracting Powers a certified copy of the proces-verbal of the deposit of ratifications.

The present Treaty, of which the English and French texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other contracting Powers.

### F. RESOLUTION ADOPTED ON FEBRUARY 4, 1922, AND ATTACHED TO THE ABOVE TREATY, RELATIVE TO A BOARD OF REFERENCE IN CHINA

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal:

Desiring to provide a procedure for dealing with questions that may rise in connection with the execution of the provisions of Articles 3 and 5 of the Treaty to be signed at Washington on February 6, 1922, with reference to their general policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China and to promote intercourse between China and the other Powers upon the basis of equality of opportunity.

Resolved, that there shall be established in China a Board of Reference to which any questions arising in connection with the execution of the aforesaid articles may be referred for investigation and report.

This special conference provided for in Article 2 of the Treaty to be signed at Washington on February 6, 1922, with reference to the Chinese customs tariff, shall formulate for the approval of the Powers concerned a detailed plan for the constitution of the Board.

### G. HUGHES' RESOLUTION FOR LISTING CHINA'S COMMITMENTS. ADOPTED BY THE CONFERENCE FEBRUARY 1, 1922

The Powers represented in this Conference, considering it desirable that there should hereafter be full publicity with respect to all matters affecting the political and other international obligations of China and of the several Powers in relation to China, are agreed as follows:

1. The several Powers other than China, will at their earliest convenience, file with the Secretariat General of the Conference for transmission to the participating Powers a list of all treaties, conventions, exchange of notes or other international agreements which they may have with China, or with any other Power or Powers in relation to China, which they

deem to be still in force and upon which they may desire to rely. In each case citations will be given to any official or other publication in which an authoritative text of the documents may be found. In any case in which the document may not have been published, a copy of the text (in its original language or languages) will be filed with the Secretariat General of the Conference.

Every treaty or other international agreement of the character described which may be concluded hereafter shall be notified by the Governments concerned within sixty days of its conclusion to the Powers who are signatories of or adherents to this agreement.

2. The several Powers other than China will file with the Secretariat General of the Conference at their earliest convenience for transmission to the participating Powers a list, as nearly complete as may be possible, of all those contracts between their nationals, of the one part, and the Chinese Government or any of its administrative subdivisions or local authorities, of the other part, which involve any concession, franchise, option or preference with respect to railway construction, mining, forestry, navigation, river conservancy, harbor works, reclamation, electrical communications, or other public works or public services, or for the sale of arms or ammunition, or which involve a lien upon any of the public revenues or properties of the Chinese Government or of any of its administrative subdivisions. There shall be in the case of each document so listed, either a citation to a published text or a copy of the text itself.

Every contract of the public character described which may be concluded hereafter shall be notified by the Governments concerned within sixty days after the receipt of information of its conclusion to the Powers who are signatories of or adherents to this agreement.

3. The Chinese Government agrees to notify, in the conditions laid down in this agreement, every treaty, agreement or contract of the character indicated herein which has been or may hereafter be concluded by that Government or by any local authority in China with any foreign Power or the na-

tionals of any foreign Power, whether party to this agreement or not, so far as the information is in its possession.

4. The Governments of Powers having treaty relations with China, which are not represented at the present Conference, shall be invited to adhere to this agreement. The United States Government, as convener of the Conference, undertakes to communicate this agreement to the Governments of the said Powers, with a view to obtaining their adherence thereto as soon as possible.

### H. BARON SHIDEHARA'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, JANUARY 14, 1922

"The Japanese delegation understands that one of the primary objects which the present Conference on Far Eastern questions has in view is to promote the general welfare of the Chinese people and, at the same time, of all nations interested in China. For the realization of that desirable end, nothing is of greater importance than the development and utilization of the unlimited natural resources of China.

"It is agreed on all sides that China is a country with immense potentialities. She is richly endowed by nature with arable soil, with mines and with raw materials of various kinds. But those natural resources are of little practical value so long as they remain undeveloped and unutilized. In order to make full use of them, it seems essential that China shall open her own door to foreign capital and to foreign trade and enterprise.

"Touching on this subject, Dr. Sze, on behalf of the Chinese delegation, made an important statement to the full committee on November 16, declaring that 'China wishes to make her vast natural resources available to all people who need them.' That statement evidently represents the wisdom and foresight of China, and the Japanese delegation is confident that the principle which it enunciated will be carried out to its full extent.

"It is to be hoped that, in the application of that principle, China may be disposed to extend to foreigners, as far as possible, the opportunity of cooperation in the development and

utilization of China's natural resources. Any spontaneous declaration by China of her policy in that direction will be received with much gratification by Japan and also, no doubt, by all other nations interested in China. Resolutions which have hitherto been adopted by this committee have been uniformly guided by the spirit of self-denial and self-sacrifice on the part of foreign powers in favor of China. The Japanese delegation trusts that China, on her part, will not be unwilling to formulate a policy which will prove of considerable benefit, no less to China herself than to all nations."

### I. MR. SZE'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, FEBRUARY 2, 1922

"At the meeting of this committee on January 18, Baron Shidehara on behalf of the Japanese delegation, expressed a hope that China might be disposed to extend to foreigners, as far as possible, the opportunity of cooperation in the development and utilization of China's natural resources, and added that any spontaneous declaration of her policy in that direction would be received with much gratification.

"The Chinese Government, conscious of the mutual advantage which foreign trade brings, has hitherto pursued an established policy to promote its development. Of this trade, products of nature of course form an important part. In view of this fact, as well as of the requirements of her large and increasing population, and the growing needs of her industries, China, on her part, has been steadily encouraging the development of her natural resources, not only by permitting under her laws the participation of foreign capital, but also by other practical means at her disposal. Thus in affording facilities and fixing rates for the transportation on all her railways of such products of nature as well as of other articles of merchandise, she has always followed and observed the principle of strict equality of treatment between all foreign shippers. Thanks to this liberal policy, raw material and food supplies in China—as my colleague, Dr. Koo, stated before this committee on a previous occasion with reference to Manchuria, and it is equally true of other parts of China—are today

accessible to all nations, on fair terms and through the normal operation of the economic law of supply and demand.

"The Chinese Government does not at present contemplate any departure from this mutually beneficial course of action. Consistent with the vital interests of the Chinese nation and the security of its economic life, China will continue, on her own accord, to invite cooperation of foreign capital and skill in the development of her natural resources.

"The Chinese delegation, animated by the same spirit of self-denial and self-sacrifice which Baron Shidehara was good enough to assure the Chinese delegation had uniformly guided the foreign Powers here represented in the resolutions hitherto adopted by the committee in favor of China, has no hesitation to make the foregoing statement. It is all the more glad to make it, because it feels confident that the Japanese delegation, in expressing the hope for a voluntary declaration of policy on China's part in regard to the development and utilization of her natural resources, was not seeking any special consideration for Japan on this subject or for the foreign powers as a whole, but merely wished to be assured that China was disposed to extend the opportunity of cooperation to foreigners on the same terms as are accorded by nations of the world equally favored by nature in the possession of rich natural resources."

## Appendix V

# THE CUSTOMS TARIFF OF CHINA

### A. MR. KOO'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, NOVEMBER 23, 1921, AS SUMMARIZED IN THE OFFICIAL COMMUNIQUE

First of all, Dr. Koo emphasized that the Chinese Government had no desire to interfere with the present administration of maritime customs or with devotion of the proceeds of the customs revenue to the liquidation of various foreign loans secured thereon. A brief account was given by him of the origin and history of the Chinese treaty tariffs. Prior to 1842, he said, China enjoyed the full right of levying customs duties. In 1842, however, and in the subsequent years after having made treaties with Great Britain, France and the United States, a limitation upon this right was for the first time imposed.

The rule of 5 per cent *ad valorem* was thereby established, and the rates were based upon the current prices then prevailing. In 1858, as prices of commodities began to drop and the 5 per cent actually collected appeared to be somewhat in excess of the 5 per cent prescribed, a revision was asked for by the Treaty Powers. A revision was accordingly made. Later, however, as prices mounted, no request for a revision was forthcoming, and the Chinese Government on its part did not press for a revision, seeing that the revenue then collected from other sources was not inadequate to meet its requirements.

But the fact was that the customs rate then prevailing was much less than the 5 per cent stipulated for. It was only in 1902 that a revision was made in order to afford sufficient

funds to meet the Chinese obligations arising out of the Boxer protocol. In that tariff the rate was calculated on the basis of the average prices of 1897 to 1899. In 1912 an attempt was made by the Chinese Government to have another revision, but it failed, owing to the difficulty of securing the unanimous consent of sixteen or seventeen Powers. It was only after six years of long negotiations that in 1918 another revision was effected. The tariff of 1918 is in force and yields only 3½ per cent.

Dr. Koo proposed to restore to China the right to fix and to differentiate the import tariff rates, but as it appeared hardly possible to establish a new regime all at once, he said that full autonomy should be restored to China after a certain period to be agreed upon. In the meantime China would impose a maximum rate and would like to enjoy full freedom within a maximum, such as the right of differentiation among the different classes of commodities. But as the present financial condition of the Chinese Government was such as to require some immediate relief, it was proposed that on and after Jan. 1, 1922, the Chinese import tariff be raised to 12½ per cent, as it was stipulated for in the treaty with the United States, Great Britain and Japan.

Among the reasons he gave in support of the proposals of the Chinese delegation, the following is the gist:

1. The existing customs regime in China constitutes an infringement of China's sovereign right to fix the tariff rates at her own discretion.

2. It deprives China of the power to make reciprocity arrangements with the foreign Powers. While all foreign goods imported into China pay only 5 per cent, Chinese goods exported to foreign countries have to pay duties of a maximum rate. Examples were given to show this lack of reciprocity.

3. It constitutes a serious impediment upon the economic development of China.

4. As the system now stands, there is only one uniform rate and no differentiation of rates. The disadvantage is obvious, because it does not take into account the economic and social needs of the Chinese people. China is in need of machinery

and metals for which China would like to impose a tariff rate even lower than the 5 per cent. For luxuries, such as cigars and cigarettes, the tax ought, perhaps, to be heavy in order to prevent their injurious effects upon the morals and social habits of the people. As it stands, therefore, the Chinese tariff is not scientific at all.

5. The present tariff has occasioned a serious loss of revenue upon the Chinese Exchequer. The item of customs duties is an important one in the budget of nearly all countries. For instance, Great Britain raised 12 per cent of its revenue from customs duties; France, 15 per cent, and the United States raised 35 per cent from this source before the World War. But the customs revenue in the Chinese budget as it now stands becomes a comparatively insignificant factor.

6. The present regime makes it exceedingly difficult for the Chinese Government to ask for a revision, as was shown in past experiences in 1912 and in 1918.

7. Even if the effective 5 per cent should be levied, the revenue resulting therefrom will still be hardly adequate to meet the requirements of the Chinese Government, as the Government has many functions to perform in matters of modern education, sanitation, public utilities, etc.

### B. NINE-POWER TREATY, SIGNED FEBRUARY 6, 1922

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal:

With a view to increasing the revenues of the Chinese Government, have resolved to conclude a treaty relating to the revision of the Chinese customs tariff and cognate matters, and to that end have appointed as their plenipotentiaries

[here follows list of delegates]

who, having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

#### *Article I*

The representatives of the contracting Powers having adopted, on the 4th day of February, 1922, in the city of Washington, a resolution, which is appended as an annex to

this article, with respect to the revision of Chinese customs duties, for the purpose of making such duties equivalent to an effective 5 per cent *ad valorem,* in accordance with existing treaties concluded by China with other nations, the contracting Powers hereby confirm the said resolution and undertake to accept the tariff rates fixed as a result of such revision. The said tariff rates shall become effective as soon as possible, but not earlier than two months after publication thereof.

**Annex**

With a view to providing additional revenue to meet the needs of the Chinese Government, the Powers represented at this Conference, namely, the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal, agree:

That the customs schedule of duties on imports into China adopted by the tariff revision commission at Shanghai on December 19, 1918, shall forthwith be revised so that the rates of duty shall be equivalent to 5 per cent effective, as provided for in the several commercial treaties to which China is a party.

A revision commission shall meet at Shanghai, at the earliest practicable date, to effect this revision forthwith and on the general lines of the last revision.

This commission shall be composed of representatives of the Powers above named and of representatives of any additional Powers having governments at present recognized by the Powers represented at this Conference and who have treaties with China providing for a tariff on imports and exports not to exceed 5 per cent *ad valorem* and who desire to participate therein.

The revision shall proceed as rapidly as possible with a view to its completion within four months from the date of the adoption of this resolution by the Conference on the Limitation of Armaments and Pacific and Far Eastern Questions.

The revised tariff shall become effective as soon as possible, but not earlier than two months after its publication by the revision commission.

The Government of the United States, as convener of the present Conference, is requested forthwith to communicate the terms of this resolution to the Governments of Powers not represented at this Conference but who participated in the revision of 1918 aforesaid.

*Article II*

Immediate steps shall be taken, through a special conference, to prepare the way for the speedy abolition of *likin* and for the fulfillment of the other conditions laid down in Article VIII of the treaty of September 5, 1902, between Great Britain and China, in Articles IV and V of the treaty of October 8, 1903, between the United States and China, and in Article I of the supplementary treaty of October 8, 1903, between Japan and China, with a view to levying the surtaxes provided for in those articles.

The special conference shall be composed of representatives of the signatory Powers, and of such other Powers as may desire to participate and may adhere to the present Treaty, in accordance with the provisions of Article VIII, in sufficient time to allow their representatives to take part. It shall meet in China within three months after the coming into force of the present Treaty, on a day and at a place to be designated by the Chinese Government.

*Article III*

The special conference provided for in Article II shall consider the interim provisions to be applied prior to the abolition of *likin* and the fulfillment of the other conditions laid down in the articles of the treaties mentioned in Article II; and it shall authorize the levying of a surtax on dutiable imports as from such date, for such purposes, and subject to such conditions as it may determine.

The surtax shall be at a uniform rate of 2½ per cent *ad valorem,* provided, that in case of certain articles of luxury which, in the opinion of the special conference, can bear a greater increase without unduly impeding trade, the total surtax may be increased, but may not exceed 5 per cent *ad valorem.*

*Article IV*

Following the immediate revision of the customs schedule of duties on imports into China, mentioned in Article I, there shall be a further revision thereof to take effect at the expiration of four years following the completion of the aforesaid immediate revision, in order to insure that the customs duties shall correspond to the *ad valorem* rates fixed by the special conference provided for in Article II.

Following this further revision there shall be, for the same purpose, periodical revisions of the customs schedule of duties on imports into China every seven years in lieu of the decennial revision authorized by existing treaties with China.

In order to prevent delay, any revision made in pursuance of this article shall be effected in accordance with rules to be prescribed by the special conference provided for in Article II.

*Article V*

In all matters relating to customs duties there shall be effective equality of treatment and of opportunity for all the contracting Powers.

*Article VI*

The principle of uniformity in the rates of customs duties levied at all the land and maritime frontiers of China is hereby recognized. The special conference provided for in Article II shall make arrangements to give practical effect to this principle; and it is authorized to make equitable adjustments in those cases in which a customs privilege to be abolished was granted in return for some local economic advantage.

In the meantime, any increase in the rates of customs duties resulting from tariff revision, or any surtax hereafter imposed in pursuance of the present Treaty, shall be levied at a uniform rate *ad valorem* at all land and maritime frontiers of China.

*Article VII*

The charge for transit passes shall be at the rate of 2½ per cent *ad valorem* until the arrangements provided for by Article II come into force.

*Article VIII*

Powers not signatory to the present Treaty whose Governments are at present recognized by the signatory Powers, and whose present treaties with China provide for a tariff on imports and exports not to exceed 5 per cent *ad valorem,* shall be invited to adhere to the present Treaty.

The Government of the United States undertakes to make the necessary communications for this purpose and to inform the Governments of the contracting Powers of the replies received. Adherence by any Power shall become effective on receipt of notice thereof by the Government of the United States.

*Article IX*

The provisions of the present Treaty shall override all stipulations of treaties between China and the respective contracting Powers which are inconsistent therewith, other than stipulations according most favored nation treatment.

*Article X*

The present Treaty shall be ratified by the contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other contracting Powers a certified copy of the proces-verbal of the deposit of ratifications.

The present Treaty, of which the English and French texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other contracting Powers.

## Appendix VI

# EXTRATERRITORIALITY IN CHINA

### A. MR. WANG'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, NOVEMBER 25, 1921

"Extraterritoriality in China dates back almost to the beginning of treaty relations with foreign countries. It was clearly laid down in the Treaty of 1844 between the United States and China, and a similar provision has since been inserted in the treaties with other Powers. Extraterritorial rights were granted at a time when there were only five treaty ports—that is, places where foreigners could trade and reside. Now there are fifty such places and an equal number of places open to foreign trade on China's own initiative.

"This means an ever-increasing number of persons within her territory over whom she is almost powerless. This anomalous condition has become a serious problem with which the local administration is confronted, and if the impairment of the territorial and administrative integrity of China is not to be continued the matter demands immediate solution. I should like to point out a few of the serious objections to the extraterritorial system. In the first place, it is in derogation of China's sovereign rights and is regarded by the Chinese people as a national humiliation.

"There is a multiplicity of courts in one and the same locality and the interrelation of such courts has given rise to a legal situation, which is perplexing both to the trained lawyer and to the layman.

"The disadvantage arising from the uncertainty of the law: The general rule is that the law to be applied in a given case is the law of the defendant's nationality, and so in a commercial transaction between, say, X and Y of different nation-

alities, the rights and liabilities of the parties vary according as X sues Y first or Y sues X first.

"When causes of action, civil or criminal, arise in which foreigners are defendants, it is necessary for adjudication that they shall be carried to the nearest consular court, which may be many miles away, and so it often happens that it is practically impossible to obtain the attendance of the necessary witnesses or to produce other necessary evidence.

"Finally, it is a further disadvantage to the Chinese that the foreigners in China under cover of extraterritoriality claim immunity from local taxes and excises which the Chinese are required to pay. Sir Robert Hart, who worked and lived in China for many years, has this to say in his work, *These From the Land of Sinim:* 'The extraterritoriality stipulation may have relieved the native official of some troublesome duties, but it has always been felt to be offensive and humiliating and has ever a disintegrating effect, leading the people on one hand to despise their own Government and officials, and on the other to envy and dislike the foreigner withdrawn from native control.'

"Until the system is abolished or substantially modified it is inexpedient for China to open her entire territory to foreign trade and commerce. The evils of the existing system have been so obvious that Great Britain in 1902, Japan and the United States in 1903 and Sweden in 1908 agreed, subject to certain conditions, to relinquish their extraterritorial rights. Twenty years have elapsed since the conclusion of these treaties, and while it is a matter of opinion as to whether or not the state of China's laws has attained the standard to which she is expected to conform, it is impossible to deny that China has made great progress on the path of legal reform.

"A few facts will suffice for the present. A law codification committee for the compilation and revision of laws has been sitting since 1904. Five codes have been prepared, some of which have already been put into force. First, the civil code, still in course of revision. Second, criminal code, in force since 1912. Third, code of civil procedure. Fourth, code of criminal procedure, both of which have just been pro-

mulgated. Fifth, commercial code, part of which has been put into force. These codes have been prepared with the assistance of foreign experts and are based mainly on the principles of modern jurisprudence. Among the numerous supplementary laws may be especially mentioned a law of 1918, called 'Rules for the Application of Foreign Law,' which deals with matters relating to private international law. Under these rules foreign law is given ample application.

"Then there is a new system of law courts, established in 1910. The Judges are all modern trained lawyers, and no one can be appointed a Judge unless he has attained the requisite legal training. These are some of the reforms which have been carried out on our part. I venture to say that the China of today is not what she was twenty years ago, when Great Britain encouraged her to reform her judicial system, and *a fortiori* she is not what she was eighty years ago, when she first granted extraterritorial rights to the Treaty Powers.

"I have made these observations not for the purpose of asking for an immediate and complete abolition of extraterritoriality, but for the purpose of inviting the Powers to cooperate with China in taking initial steps toward improving and eventually abolishing the existing system, which is admitted on all hands to be unsatisfactory both to foreigners and to Chinese. It is gratifying to learn of the sympathetic attitude of the Powers toward this question, as expressed by the various delegations at a previous meeting of this Committee.

"The Chinese delegation, therefore, asks that the Powers now represented in this Conference agree to relinquish their extraterritorial rights in China at the end of a definite period. Meanwhile, the Chinese delegation proposes that the Powers represented at this Conference will at a date to be agreed upon designate representatives to enter into negotiations with China for the adoption of a plan for a progressive modification and ultimate abolition of the system of extraterritoriality in China, the carrying out of which plan is to be distributed over the above-mentioned period."

### B. RESOLUTION ADOPTED BY THE CONFERENCE, DECEMBER 10, 1921

Resolution for the establishment of a commission to investigate and report upon extraterritoriality and the administration of justice in China.

The representatives of the Powers hereinafter named, participating in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament—to wit, the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal—

Having taken note of the fact that in the treaty between Great Britain and China, dated Sept. 5, 1902, in the treaty between the United States of America and China, dated Oct. 8, 1903, and in the treaty between Japan and China, dated Oct. 8, 1903, these several Powers have agreed to give every assistance toward the attainment by the Chinese Government of its expressed desire to reform its judicial system and to bring it into accord with that of Western nations, and have declared that they are also "prepared to relinquish extraterritorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration, and other conditions warrant" them in so doing;

Being sympathetically disposed toward furthering in this regard the aspiration to which the Chinese delegation gave expression on Nov. 16, 1921, to the effect that "immediately, or as soon as circumstances will permit, existing limitations upon China's political, jurisdictional and administrative freedom of action are to be removed";

Considering that any determination in regard to such action as might be appropriate to this end must depend upon the ascertainment and appreciation of complicated states of fact in regard to the laws and the judicial system and the methods of judicial administration of China, which the Conference is not in a position to determine;

Have resolved,

That the Governments of the Powers above named shall establish a commission (to which each of such Governments

shall appoint one member) to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Governments of the several Powers above named their findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing, either progressively or otherwise, their respective rights of extraterritoriality;

That the commission herein contemplated shall be constituted within three months after the adjournment of the Conference, in accordance with detailed arrangements to be hereafter agreed upon by the Governments of the Powers above named, and shall be instructed to submit its report and recommendations within one year after the first meeting of the commission;

That each of the Powers above named shall be deemed free to accept or to reject all or any portion of the recommendations of the commission herein contemplated, but that in no case shall any of the said Powers make its acceptance of all or any portion of such recommendations either directly or indirectly dependent on the granting by China of any special concession, favor, benefit, or immunity, whether political or economic.

Additional Resolution:

That the non-signatory Powers, having by treaty extraterritorial rights in China, may accede to the resolution affecting extraterritoriality and the administration of justice in China by depositing within three months after the adjournment of the Conference a written notice of accession with the Government of the United States for communication by it to each of the signatory powers.

Additional Resolution:

That China, having taken note of the resolutions affecting the establishment of a commission to investigate and report upon extraterritoriality and the administration of justice in

China, expresses its satisfaction with the sympathetic disposition of the Powers hereinbefore named in regard to the aspirations of the Chinese Government to secure the abolition of extraterritoriality from China, and declares its intention to appoint a representative who shall have the right to sit as a member of the said commission, it being understood that China shall be deemed free to accept or reject any or all of the recommendations of the commission. Furthermore, China is prepared to cooperate in the work of this commission and to afford to it every possible facility for the successful accomplishment of its tasks.

## Appendix VII

# LEASED TERRITORIES IN CHINA

### A. MR. KOO'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, DECEMBER 3, 1921, AS SUMMARIZED IN THE OFFICIAL COMMUNIQUE

The existence of the leased territories in China was due in the original instance to the aggressions of Germany, whose forcible occupation of part of Shantung Province constrained the Chinese Government to grant a lease for 99 years of the Bay of Kiaochow in Shantung Province on March 6, 1898. This was closely followed by a demand on the part of Russia for the lease of the Liatung Peninsula, in which are found the ports of Port Arthur and Dalny, along with the demand for the right of building a railway, to be guarded by Russian soldiers, traversing the Manchurian Province from Port Arthur and Dalny to join the Trans-Siberian Railroad and Vladivostok. This was later the cause of the Russo-Japanese War, which resulted in 1905 in the transfer of those territories to Japan with the consent of China. Following the lease of Kiaochow Bay to Germany and that of Port Arthur and Dalny to Russia, France obtained from China on April 22, 1898, the lease of Kwangchow-wan on the coast of Kwangtung Province for 99 years, and Great Britain the lease also for 99 years of an extension of Kowloon and the adjoining territory and waters close to Hongkong on June 9, 1898, and the lease "for so long a period as Port Arthur should remain in the occupation of Russia" of the port of Weihaiwei on the coast of Shantung on July 1, 1898. Both Great Britain and France based their claims for the leases on the ground of the necessity of preserving the balance of power in the Far East.

While the measures and extent of control by the lessee

Powers over the leased territories vary in different cases, the leases themselves are all limited to a fixed period of years. Expressly or impliedly, they are not transferable to a third Power without the consent of China. Though the exercise of administrative rights over the territories leased is relinquished by China to the lessee Power during the period of the lease, the sovereignty of China over them is reserved in all cases. These are all creatures of compact different from cessions both in fact and in law. These leaseholds were granted by China with the sole purpose of maintaining the balance of power in the Far East, not so much between China and the other Powers, but between other Powers themselves concerning China.

Twenty years had elapsed since then and conditions had entirely altered. With the elimination of the German menace, in particular, an important disturbing factor had been removed. Russia had equally disappeared from the scene, and it could be hoped with confidence that she would eventually return, not as the former aggressive power, but as a great democratic nation. The misrule of the Manchu dynasty, which had aggravated the situation, had also disappeared. The very fact that this Conference is being held at Washington for the purpose of arriving at a mutual understanding on the part of the Powers provides an added reason for dispensing with the necessity of maintaining the balance of power in the Far East, which was the principal ground of the original claims of the different Powers. In the absence of that necessity, the Chinese delegation believes that the time has come for the interested Powers to relinquish their control over the territories leased to them.

The existence of such leased territories has greatly prejudiced China's territorial and administrative integrity because they are all situated upon the strategical points along the Chinese littoral. These foreign leaseholds have besides hampered her work of national defense by constituting in China a virtual *imperium in imperio,* that is, an empire within the same empire. There is another reason which the Chinese delegation desires to point out. The shifting conflict of interests of the different lessee Powers has involved China more

than once in complications of their own. It would be sufficient to refer here to the Russo-Japanese War, which was caused by the Russian occupation of Port Arthur and Dalny. The Kiaochow leasehold brought upon the Far East the hostilities of the European War. Furthermore, some of those territories were utilized with a view to economic domination over the vast adjoining regions as *points d'appui* for developing spheres of interest to the detriment of the principle of equal opportunity for the commerce and industry of all nations in China. In the interest not only of China but of all nations, especially for the peace of the Far East, the Chinese delegation asks for the annulment and an early termination of these leases. But pending their termination they would be demilitarized, that is, their fortifications dismantled and the lessee nations to undertake that they will not make use of their several leased areas for military purposes, either as naval bases or for military operations of any kind whatsoever.

### B. MR. HANIHARA'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, DECEMBER 3, 1921

"The leased territories held by Japan at present are Kiaochow and Kwangtung Province, namely—Port Arthur and Dairen. It is characteristic of Japan's leased territories that she obtained them, not directly from China, but as successor to other Powers at considerable sacrifice in men and treasure. She succeeded Russia in the leasehold of Kwangtung Province with the express consent of China, and she succeeded Germany in the leasehold of Kiaochow under the Treaty of Versailles.

"As to Kiaochow, the Japanese Government has already declared on several occasions that it would restore that leased territory to China. We are prepared to come to an agreement with China on this basis. In fact, there are now going on conversations between representatives of Japan and China regarding this question, initiated through the good offices of Mr. Hughes and Mr. Balfour, the result of which it is hoped will be a happy solution of the problem. Therefore, the question of the leased territory of Kiaochow is one which properly calls for separate treatment.

"The only leased territory, therefore, which remains to be discussed at the Conference, so far as Japan is concerned, is Kwangtung Province, namely, Port Arthur and Dairen. As to that territory, the Japanese delegates desire to make it clear that Japan has no intention at present to relinquish the important rights she has lawfully acquired and at no small sacrifice. The territory in question forms a part of Manchuria —a region where, by reason of its close propinquity to Japan's territory more than anything else, she has vital interests in that which relates to her economic life and national safety.

"This fact was recognized and assurance was given by the American, British and French Governments at the time of the formation of the International Consortium that these vital interests of Japan in the region in question shall be safeguarded.

"In the leased territory of Kwangtung Province there reside no less than 65,000 Japanese, and the commercial and industrial interests they have established there are of such importance and magnitude to Japan that they are regarded as an essential part of her economic life.

"It is believed that this attitude of the Japanese delegation toward the leased territory of Kwangtung, is not against the principle of the resolution adopted November 21."

### C. MR. BALFOUR'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, DECEMBER 3, 1921, AS SUMMARIZED IN THE OFFICIAL COMMUNIQUE

Mr. Balfour pointed out that leased territories, though nominally all described under the same title, were held under very different and varying circumstances. The Japanese delegation had already indicated that Shantung and Manchuria, respectively, were held on entirely different bases and must be considered from different points of view. Great Britain had two different kinds of leases, and these, as he thought the Chinese delegation itself would admit, must be held to stand on a different footing one from the other. Mr. Balfour referred first to the Leased Territory of the Kowloon* extension. Why, he asked, was it considered necessary that the Leased Terri-

* This is frequently spelt Kaulung.

tory of Kowloon should come under the same administration as Hongkong? The reason was that without the leased territory, Hongkong was perfectly indefensible and would be at the mercy of any enemy possessing modern artillery. He hoped that he would carry the Conference with him when he asserted that the safeguarding of the position of Hongkong was not merely a British interest but one in which the whole world was concerned. He was informed that Hongkong was easily first among the ports of the world, exceeding in this respect Hamburg before the War, Antwerp and New York.

[Here follows a quotation from the United States Government *Commercial Handbook of China.*]

The lease of the Kowloon extension had been obtained for no other reason except to give security to the Port of Hongkong, and it would be a great misfortune if anything should occur which was calculated to shake the confidence of the nations using this great open port in its security. He hoped he need say no more to explain that the Kowloon extension was in a different category and must be dealt with in a different spirit from those leased territories which had been acquired for totally different motives.

Mr. Balfour then passed to the question of Weihaiwei. The acquisition by Great Britain of this lease had been part of the general movement for obtaining leased territories in 1898, in which Russia, Germany and France, as well as Great Britain, had been concerned. The motive which had animated the Germans in acquiring Kiaochow had been largely to secure economic domination. The motive of the British Government, on the other hand, in acquiring the lease of Weihaiwei had been connected with resistance to the economic domination of China by other Powers; in fact, it had been based on a desire for the maintenance of the balance of power in the Far East, with a view to the maintenance of the policy of the open door, and had been intended as a check to the predatory action of Germany and Russia. Mr. Balfour laid emphasis on the fact that the convention of July 1, 1898, confirming the lease, gave no economic rights or advantages to Great Britain. There had been no question of its being a privileged port of entry

for British commerce, nor for the establishment of British commercial rights to the exclusion or diminution of the rights of any other Power. In fact, on April 20, 1898, Great Britain had announced that "England will not construct any railroad communication from Weihaiwei and the district leased therewith into the interior of the Province of Shantung." As regards the attitude of the British Government to the request of the Chinese delegation for the abrogation of these leases, Mr. Balfour stated that he had very little to add to, and he did not wish to qualify the conditions contained in the statement just made by M. Viviani, which represented very much the spirit in which the British Government approached the question. The British Government would be perfectly ready to return Weihaiwei to China as part of a general arrangement intended to confirm the sovereignty of China and to give effect to the principle of the open door. This surrender, however, could only be undertaken as part of some such general arrangement, and he spoke with his Government behind him when he said that on these conditions he was prepared to give up the rights which had been acquired. The British Government's policy was to make use of the surrender of Weihaiwei to assist in securing a settlement of the question of Shantung. If agreement could be reached on this question, the British Government would not hesitate to do their best to promote a general settlement by restoring Weihaiwei to the Central Government of China.

## Appendix VIII

# FOREIGN TROOPS IN CHINA

### A. MR. SZE'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, NOVEMBER 28, 1921

"At the session held on November 21 the Conference declared that it was the firm intention of the Powers represented to respect the sovereignty, the independence and the territorial and administrative integrity of China; and to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government.

"It will have already appeared that, in application of these two principles, China is asking not merely that existing treaty or conventional limitations upon the autonomous and unembarrassed exercise by her of her territorial and administrative powers should be removed as rapidly and as completely as circumstances will justify, but that conditions shall be corrected which now constitute a continuing violation of her rights as an independent State. The proposition that these limitations upon the exercise of her sovereign powers should be progressively removed was stated in Principle No. 5 which the Chinese delegation presented to the Conference on November 16, and applications are seen in the propositions that have been made to the Conference with reference to extraterritorial rights and to tariff autonomy.

"A specific illustration of a violation of China's sovereignty and territorial and administrative integrity, as distinguished from limitations based upon agreements to which China has been a party, was presented to the Conference for correction last week and had to do with the maintenance of foreign postal services upon Chinese soil.

"This morning it is the desire of the Chinese delegation to

bring before you, for correction in accord with the controlling principles which you have already affirmed, several other instances of subsisting violations of China's sovereignty and territorial and administrative integrity.

"These relate to the maintenance upon the Chinese territory, without China's consent and against her protests, of foreign troops, railway guards, police boxes and electrical wire and wireless communication installations.

"I shall not exhaust your patience by enumerating all of the specific instances of these violations, for I shall not ask merely that each of these violations be specifically discountenanced, for this would not give complete relief to China since it would not prevent other similar violations in the future. In behalf of the Chinese Government, I therefore ask that this Conference declare as a comprehensive proposition, that no one of the Powers here represented—China, of course, not included—shall maintain electrical communication installations, or troops, or railway guards, or police boxes upon Chinese soil, except in those specific cases in which the Powers desiring to do so may be able to show by affirmative and preponderant evidence and argument that it has a right so to do such as can be defended upon the basis of accepted principles of international law and practice and with the consent of the Chinese Government.

"No argument by me is needed to show that this Conference stands committed to the declaration which I now ask, by the principles which were adopted on November 21. Should any one of you consider the possibility of foreign troops or railway guards, or police boxes, or electrical communication installations being maintained upon the soil of your own country without the consent of the Government which you represent, your feelings of justice and your sense of the dignity due to your own State would make evident to you the propriety of the joint declaration which China now asks you to make in her behalf. The proposition surely stands self-evident that, if a nation asserts a right to maintain troops or guards, or police, or to erect and operate systems of communication upon the soil of another State, whose sovereignty and independence and

territorial and administrative integrity it has just solemnly affirmed and obligated itself to respect, upon that State should lie a heavy burden of proof to justify so grievous an infringement of the rights of exclusive territorial jurisdiction which international law as well as a general sense of international comity and justice recognize as attaching to the status of sovereignty and independence.

"In behalf of my Government and the people whom I represent, I therefore ask that the Conference give its approval to the following proposition:

" 'Each of the Powers attending this Conference hereinafter mentioned, to wit, the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal, severally declare that, without the consent of the Government of China, expressly and specifically given in each case, it will not station troops or railway guards or establish and maintain police boxes, or erect or operate electrical communication installations, upon the soil of China; and that if there now exists upon the soil of China such troops or railway guards or police boxes or electrical installations without China's express consent, they will be at once withdrawn.' "

### B. MR. HANIHARA'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, NOVEMBER 29, 1921

#### *Japanese Troops*

"The Japanese delegation wishes to explain, as succinctly as possible, why and how the Japanese garrisons in various parts of China have come to be stationed there. At the outset, however, I desire to disclaim most emphatically that Japan has ever entertained any aggressive purposes or any desire to encroach illegitimately upon Chinese sovereignty in establishing or maintaining these garrisons in China.

"1. Japanese railway guards are actually maintained along the South Manchurian Railway and the Shantung Railway.

"With regard to the Shantung railway guards, Japan believes that she has on more than one occasion made her position sufficiently clear. She has declared and now reaffirms her inten-

tion of withdrawing such guards as soon as China shall have notified her that a Chinese police force has been duly organized and is ready to take over the charge of the railway protection.

"The maintenance of troops along the South Manchuria Railway stands on a different footing. This is conceded and recognized by China under the Treaty of Peking of 1905. (Additional agreement, Art. II.) It is a measure of absolute necessity under the existing state of affairs in Manchuria—a region which has been made notorious by the activity of mounted bandits. Even in the presence of Japanese troops, those bandits have made repeated attempts to raid the railway zone. In a large number of cases, they have cut telegraph lines and committed other acts of ravage.

"Their lawless activity on an extended scale has, however, been efficiently checked by Japanese railway guards, and general security has been maintained for civilian residents in and around the railway zone. The efficiency of such guards will be made all the more significant by a comparison of the conditions prevailing in the railway zone with those prevailing in the districts remote from the railway. The withdrawal of railway guards from the zone of the South Manchurian Railway will no doubt leave those districts at the mercy of bandits, and the same conditions of unrest will there prevail as in remote corners of Manchuria. In such a situation it is not possible for Japan to forego the right, or rather the duty, of maintaining railway guards in Manchuria, whose presence is duly recognized by treaty.

"2. Toward the end of 1911 the first revolution broke out in China and there was complete disorder in the Hupeh district, which formed the base of the revolutionary operations. As the lives and property of foreigners were exposed to danger, Japan, together with Great Britain, Russia, Germany and other principal Powers, dispatched troops to Hankow for the protection of her people. This is how a small number of troops have come to be stationed at Hankow. The region has since been the scene of frequent disturbances. There was recently a clash between the North and South at Changsha, pillage by troops at Ichang and a mutiny of soldiers at Hankow.

Such conditions of unrest have naturally retarded the withdrawal of Japanese troops from Hankow.

"It has never been intended that these troops should remain permanently at Hankow, and the Japanese Government have been looking forward to an early opportunity of effecting complete withdrawal of the Hankow garrison. They must be assured, however, that China will immediately take effective measures for the maintenance of peace and that she will fully assume the responsibility for the damage that may be or may have been done to foreigners.

"3. The stationing of the garrisons of foreign countries in North China is recognized by the Chinese Government under the protocol relating to the Boxer revolution in 1900. Provided there is no objection from the other countries concerned, Japan will be ready, acting in unison with them, to withdraw her garrison as soon as the actual conditions warrant it.

"4. The Japanese troops scattered along the lines of the Chinese Eastern Railway have been stationed in connection with an inter-allied agreement concluded at Vladivostok in 1919. Their duties are to establish communication between the Japanese contingents in Siberia and South Manchuria. It goes without saying, therefore, that these troops will be withdrawn as soon as the evacuation of Siberia by the Japanese troops is effected.

"Memorandum—At the present time Japan maintains in China proper approximately 4,500 troops, located as follows:

"At Tientsin, two battalions, approximately 1,200 men.

"At Hankow, one battalion, approximately 600 men.

"In Shantung: At Tsinan, two companies, approximately 300 men; along the Tsinan-Tsingtao Railway and at Tsingtao, four battalions, approximately 2,400 men.

"Total, 4,500 men.

*Japanese Police*

"In considering the question of Japanese consular police in China, two points must be taken into account:

"1. Such police do not interfere with Chinese or other foreign nationals. Their functions are strictly confined to the protection and control of Japanese subjects.

"2. The most important duties with which the Japanese police are charged are: First, to prevent the commission of crimes by Japanese, and, second, to find and prosecute Japanese criminals when crimes are committed.

"In view of the geographical proximity of the two countries, it is natural that certain disorderly elements in Japan should move to China and, taking advantage of the present conditions in that country, should there undertake unlawful activities. When these lawless persons are caught in the act of crime by the Chinese police, it is not difficult for that police force to deal with the case. The culprits are handed over as early as possible to the Japanese authorities for prosecution and trial. But when the criminals flee from the scene of their acts, it is in many cases hard to discover who committed the crimes and what were the causes and circumstances that led up to their commission. This is more difficult for the Chinese authorities, as they have no power to make domiciliary visits to the homes of foreigners, who enjoy extraterritorial rights, or to obtain judicial testimony in due form from such foreigners.

"Without the full cooperation of the Japanese police, therefore, the punishment of crime is, in a great many cases, an impossibility, and those who are responsible for lawbreaking escape trial and punishment.

"This tendency is especially evident in Manchuria, in which region hundreds of thousands of Japanese are resident. In places where the Japanese police are stationed there are far fewer criminal cases among Japanese than in places without Japanese police. Lawless elements constantly move to districts beyond the reach of Japanese police supervision.

"Apart from the theoretical side of the question, it will thus be observed that the stationing of Japanese police in the interior of China has proved to be of much practical usefulness in the prevention of crimes among Japanese residents, without interfering with the daily life of the Chinese or of other foreign nationals. The Japanese policing provides a protection for the Chinese communities which at present their own organization fails to provide.

"The Japanese delegation is in possession of knowledge and information as to the actual conditions prevailing in China, and especially in Manchuria. However, it is unnecessary to go into details at the present stage."

### C. RESOLUTION ADOPTED BY THE CONFERENCE, FEBRUARY 1, 1922

Whereas the Powers have from time to time stationed armed forces, including police and railway guards, in China to protect the lives and property of foreigners lawfully in China;

And whereas it appears that certain of these armed forces are maintained in China without the authority of any treaty or agreement;

And whereas the Powers have declared their intention to withdraw their armed force now on duty in China without the authority of any treaty or agreement, whenever China shall assure the protection of the lives and property of foreigners in China;

And whereas China has declared her intention and capacity to assure the protection of the lives and property of foreigners in China;

Now to the end that there may be clear understanding of the conditions upon which in each case the practical execution of those intentions must depend:

It is resolved: That the diplomatic representatives in Peking of the Powers now in Conference at Washington, to wit, the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal, will be instructed by their respective Governments, whenever China shall so request, to associate themselves with three representatives of the Chinese Government to conduct collectively a full and impartial inquiry into the issues raised by the foregoing declarations of intention made by the Powers and by China and shall hereafter prepare a full and comprehensive report setting out without reservation their findings of fact and their opinion with regard to the matter hereby referred for inquiry, and shall furnish a copy of their report to each of the nine Governments concerned which shall severally make public the report

with such comment as each may deem appropriate. The representatives of any of the Powers may make or join in minority reports stating their differences, if any, from the majority report.

That each of the Powers above named shall be deemed free to accept or reject all or any of the findings of fact or opinions expressed in the report, but that in no case shall any of the said Powers make its acceptance of all or any of the findings of fact or opinions either directly or indirectly dependent on the granting by China of any special concession, favor, benefit or immunity, whether political or economic.

## Appendix IX

# FOREIGN POST OFFICES IN CHINA

### A. MR. SZE'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, NOVEMBER 25, 1921

"As was referred to by Mr. Koo the other day in his remarks before the committee, China has suffered and is now suffering not only from limitations upon her territorial and administrative integrity, to which she has been led to consent, but also from open violations of her rights as a territorial sovereign for which not even a vestige of contractual right can be claimed.

"Among these violations are the stationing of foreign troops and railway guards at various points, the installation of wire and wireless telegraph communications, the maintenance of foreign post offices, and so-called 'police boxes.' I shall first speak of the foreign postal services maintained upon Chinese soil.

"China requests that the Powers assembled in the Conference agree at once to abolish all postal services now maintained by them in China. She bases her request upon the following propositions:

"1. That China has organized and is now conducting a postal system covering the entire country, and maintaining relations with all foreign countries adequate to meet all requirements. The transmission of postal matter is a Government monopoly, the first paragraph of the postal statutes of October 12, 1921, reading: 'The postal business is exclusively conducted by the Government.'

"2. That the existence of these foreign post offices interferes with and makes more difficult the development of this system, and deprives it of a revenue which legally and equitably should belong to it.

"3. That the maintenance by foreign Governments of post

offices in China is in direct violation of the latter's territorial and administrative integrity, and rests upon no treaty or other legal rights.

"Early in the '60's of the last century foreign post offices began to open branches and agencies in the particular treaty ports of China. The opening of these offices was not based on any treaty provision or concession. Their existence and gradual increase was merely tolerated by the Chinese Government.

"About the same time a regular service for the carriage of mails was established on foreign lines in connection with the customs, operating chiefly between the numerous ports on the coast of China and those far up the Yangtse River. This service continued to work and improved its machinery year by year. By imperial decree of March 20, 1896, this system was developed into a distinct Chinese postal system, and placed under the general direction of the Inspector General of Customs. Finally, by imperial decree of May 28, 1911, the system was taken from under the administration of the Inspector General of Customs and developed into an independent system operating directly under the Minister of Posts and Communications. Since that date the system has operated wholly as one of the administrative services of the Chinese Government.

"On March 1, 1914, China gave her adherence to the Universal Postal Convention, and since September 1 of that year China has continued as a member in good standing of the Universal Postal Union.

"As the Universal Postal Union does not recognize the right of any country to maintain post offices in another country which is a member of the postal union, the Chinese delegation brought up the question of alien establishments in China at the Universal Postal Congress, opened at Madrid on October 1, 1920. The question of their withdrawal was, however, regarded as within the purview of their respective Foreign Offices, and no definite decision was reached. A measure was passed, however, to the effect that only such foreign postal agencies could be considered as within the Union as were established in a foreign country not itself within the Universal Postal

Union, of which China has been a member since September 1, 1914.

"The Chinese Post Office maintains the cheapest general service in the world. [Here follows table of postal rates.] In spite of these very cheap rates and very high transportation costs of maintaining long courier lines where no modern facilities are available, the surplus of receipts over expenditures has been steadily increasing. All profits are being put into improvements on the service, particularly in new offices and extension of the service to the smaller villages inland. Its income in 1920 was $12,679,121.98 and its expenditures $10,467,053.07, thus leaving a surplus for the year's operation of $2,212,068.91.

"Senders of registered articles, parcels, insured letters and express articles are entitled to claim indemnity in case of loss by the Post Office. Although in 1920 over 37,000,000 of such articles were posted, less than 400 claims for indemnity were made, the percentage being about 1 in 90,000.

"There has been a decrease of 30 per cent in the number of insured letters posted in the last four years, though other mail matter has increased by 50 per cent in the same time. This is considered as indicating a growing public confidence in the other non-insured services.

"The Chinese Post Office has over 3,000 interpreter employees, and every office serving places of foreign residence in China is amply supplied from this large number of linguists to cope with all foreign correspondence.

"The efficiency of the Chinese postal service is further guaranteed by sturdy civil service methods in appointments of staff. Employees enter only after a fair examination, both mental and physical. Postmasters, even in the larger cities, are selected from the most efficient of the employees, never from outside the service. The penalty for invoking political aid is dismissal and in practice is never done.

"The Post Office functions under the same central administration over the entire country. In time of local disturbance and revolution the revolutionists have recognized the Post Office as a necessity to the welfare of the community and have always permitted it to continue its functions without change of staff or control.

"Notwithstanding the disturbed condition of affairs in China during recent years, this system has been steadily developed since it was placed wholly under the direction and control of Chinese authorities.

"Mail matter posted has increased approximately 300 per cent since 1911 (from 126,539,228 to 400,886,935 in 1920). Parcels posted have increased from 954,740 in 1911 to 4,216,200 in 1920.

"There is now scarcely a Chinese village which is not served by a post office, agency, or minor postal establishment. Major establishments (offices and agencies) have increased from 9,103 in 1917 to 10,469 in 1920. Minor establishments (town box offices and rural stations) have increased from 4,890 in 1917 to 20,806 in 1920. This makes a total of 31,325 places now provided with postal facilities, more than double the number of places served four years ago.

. . . . .

"Mr. Willoughby, in his careful study, *Foreign Rights and Interests in China,* in speaking of this system says:

" 'At the present time (1920) the postal service in China is one for which the Government deserves great credit. Generally speaking, the service is efficiently operated and with reasonable financial success, notwithstanding the fact that China has been obliged to acquiesce in the operation within her borders of some sixty or more foreign post offices.'

"Notwithstanding the fact that China now has an efficient postal system, certain foreign Governments continue to maintain post offices of this order in China. At the present time Great Britain, France, America and Japan are maintaining and operating offices of this kind at a large number of places. The alien postal establishments in China as they stand at present are as follows: Great Britain, 12; Japan, 124; France, 13; the United States, 1. The Japanese establishments are classed as follows: First class offices, 7; second class offices, 23; third class offices, 4; unclassified offices, 10; suboffices, 3; box offices, 1; agencies, 33; letter boxes, 33; field post offices, 10.

"These post offices have their own postage stamps and operate in every respect in direct competition with the Chinese

system. It is to be noted, moreover, that these foreign offices are located at the chief centres of population, industry and commerce. They are thus in a position where they can, so to speak, skim the cream of the postal business, since they are under no obligations to, and, in fact, do not maintain offices at unimportant points.

"It is submitted that if the necessity ever existed for the maintenance of foreign post offices in China, this necessity has now passed away. As early as April 20, 1902, the American Minister at Peking reported to his Government (United States Foreign Relations, 1902, p. 255):

" 'I have given such investigation as I have been able and report that in my judgment foreign post offices in China, except in Shanghai, are not a necessity, because the Chinese postal service, under the imperial maritime customs, is everywhere giving satisfactory service and is rapidly and effectively increasing and extending into the interior.'

"More recently *The Commercial Hand Book of China,* from which we have already quoted, says: 'The developments of the Chinese postal service during the last decade have been so extensive and so favorable that there is in reality no longer any need for a continuance of the foreign post offices operated in that country.'

"It is to be noted, moreover, that the maintenance of these foreign offices rests upon no treaty or other legal right. Regarding this point, the American Minister, in his communication to his country on April 20, 1902, to which reference has already been made, said:

" 'The foreign post offices are being established principally for political reasons, either in view of their future designs upon the Empire, to strengthen their own footing or because jealous of that of others. They are not established with the consent of China, but in spite of her. They will not be profitable. Their establishment materially interferes with and embarrasses the development of the Chinese postal service, is an interference with China's sovereignty, is inconsistent with our well-known policy toward the Empire, and I cannot find any good reason for their establishment by the United States.'

"In conclusion China wishes to point out that, wholly apart from the financial loss suffered by her as a result of the existence of foreign post offices on her soil and the obstacles thereby placed in the way of the development of her own postal system, the maintenance of such offices represents a most direct violation of her territorial and administrative integrity. It is one, moreover, that is peculiarly objectionable, since it is a constant, visible reminder to the Chinese people that they are not accorded the consideration given to other peoples. This necessarily has a tendency to lower the prestige of the Chinese Government in the eyes of her people and to make more difficult the already difficult problem of maintaining a Government that will command the respect and ready obedience of her population. From whatever standpoint it is viewed, the continuance of these foreign post offices upon Chinese soil should, therefore, be disapproved."

B. RESOLUTION ADOPTED BY THE CONFERENCE, FEBRUARY 1, 1922

(A) Recognizing the justice of the desire expressed by the Chinese Government to secure the abolition of foreign postal agencies in China, save or except in leased territories or as otherwise specifically provided by treaty, it is resolved:

1. The four Powers [England, Japan, France, the United States] having such postal agencies agree to their abandonment subject to the following conditions:
   (a) That an efficient Chinese postal service is maintained;
   (b) That an assurance is given by the Chinese Government that they contemplate no change in the present postal administration so far as the status of the foreign Co-Director General is concerned.

2. To enable China and the Powers concerned to make the necessary dispositions, this arrangement shall come into force and effect not later than January 1, 1923.

(B) Pending the complete withdrawal of foreign postal agencies, the four Powers concerned severally undertake to

afford full facilities to the Chinese customs authorities to examine in those agencies all postal matter (excepting ordinary letters, whether registered or not, which upon external examination appear plainly to contain only written matter) passing through them, with a view to ascertaining whether they contain articles which are dutiable or contraband or which otherwise contravene the customs regulations or laws of China.

C. JAPAN'S LETTER ACCEPTING THE ABOVE RESOLUTION

*"Japanese Delegation, Washington, D. C.*

"Dec. 9, 1921.

"Dear Sir: With regard to the proposed abolition of foreign postal agencies, I am happy to inform you that my Government have no objection to the initiation of the arrangement as from the date in the draft resolution, that is, not later than Jan. 1, 1923.

"In announcing this agreement of my Government, I am instructed to state before the committee their desire concerning the maintenance of efficient Chinese postal service substantially to the following effect:

"Taking into account the fact that the proposed change in the postal regime in China cannot fail practically to affect the Japanese to a much greater extent than any other nationals, the Japanese Government wish to place on record their desire that a suitable number of experienced Japanese postal officers be engaged by China in the interest of the efficiency of the Chinese postal administration. The reasonableness of this desire will readily be appreciated when it is considered that the powers concerned have recognized the need of effective foreign assistance in the Chinese postal administration, and that no less than seventy British subjects and twenty Frenchmen are in that service, while only two Japanese experts are employed in it.

"Yours respectfully,

"M. HANIHARA.

*"Hon. Henry Cabot Lodge, Chairman Sub-Committee for Foreign Post Offices in China."*

## Appendix X

# FOREIGN RADIO STATIONS IN CHINA

### A. RESOLUTION ADOPTED BY FAR EASTERN COMMITTEE, DECEMBER 7, 1921, AND BY THE CONFERENCE FEBRUARY 1, 1922

The representatives of the Powers hereinafter named participating in the discussion of Pacific and Far Eastern questions in the Conference for Limitation of Armament, to wit: The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal, have resolved:

1. That all radio stations in China, whether maintained under the provisions of the international protocol of Sept. 7, 1901, or in fact maintained in the grounds of any of the foreign legations in China, shall be limited in their use to sending and receiving Government messages and shall not receive or send commercial or personal or unofficial messages, including press matter: provided, however, that in case all other telegraphic communication is interrupted, then, upon official notification, accompanied by proof of such interruption to the Chinese Ministry of Communications, such stations may afford temporary facilities for commercial, personal or unofficial messages, including press matter, until the Chinese Government has given notice of the termination of the interruption;

2. All radio stations operated within the territory of China by a foreign Government or the citizens or subjects thereof under treaties or concessions of the Government of China, shall limit the messages sent and received by the terms of the treaties,

or concessions under which the respective stations are maintained;

3. In case there be any radio station maintained in the territory of China by a foreign Government or citizens or subjects thereof without the authority of the Chinese Government, such station and all the plant, apparatus and material thereof shall be transferred to and taken over by the Government of China, to be operated under the direction of the Chinese Ministry of Communications upon fair and full compensation to the owners for the value of the installation, as soon as the Chinese Ministry of Communications is prepared to operate the same effectively for the general public benefit;

4. If any questions shall arise as to the radio stations in leased territories, in the South Manchuria Railway zone or in the French concession at Shanghai, they shall be regarded as matters for discussion between the Chinese Government and the Governments concerned;

5. The owners or managers of all radio stations maintained in the territory of China by foreign powers or citizens of subjects thereof shall confer with the Chinese Ministry of Communications for the purpose of seeking a common arrangement to avoid interference in the use of wave lengths by wireless stations in China, subject to such general arrangements as may be made by an international conference convened for the revision of the rules established by the International Radio Telegraph Convention signed at London, July 5, 1912.

### B. DECLARATION CONCERNING THE RESOLUTION ON RADIO STATIONS IN CHINA OF DECEMBER 7, 1921

The Powers other than China declare that nothing in paragraphs 3 or 4 of the Resolutions of December 7, 1921, is to be deemed to be an expression of opinion by the Conference as to whether the stations referred to therein are or are not authorized by China.

They further give notice that the result of any discussion arising under paragraph 4 must, if it is not to be subject to objection by them, conform with the principles of the open door or equality of opportunity approved by the Conference.

### C. CHINESE DECLARATION ON THE ABOVE RESOLUTION

The Chinese delegation takes this occasion formally to declare that the Chinese Government does not recognize or concede the right of any foreign Power or of the nationals thereof to install or operate, without its express consent, radio stations in legation grounds, settlements, concessions, leased territories, railway areas or other similar areas.

## Appendix XI

# TREATIES ON CHINA CONCLUDED WITHOUT HER KNOWLEDGE

### A. MR. KOO'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, DECEMBER 8, 1921, AS SUMMARIZED IN THE OFFICIAL COMMUNIQUE

Agreements have in the past frequently been made, relating to the Far East, or to China particularly, without participation on the part of China or previous notice to the Chinese Government. In agreements of this kind the nations concerned were presumably disposing of rights and interests belonging to them, or they were giving mutual promises with regard to action which they would take or from which they would abstain. Taking any one of those agreements by itself, it might be argued that its subject-matter was composed entirely of rights, interests, and actions of the parties to the agreement.

This kind of agreement falls roughly into two divisions, one being in the nature of mutual engagements to abstain from certain action in special parts of China, the other being engagements for mutual assistance in support of the general interests of all foreign Powers in China, or of the special interests claimed by the parties to the agreements.

The effect of all such treaties and agreements has been to maintain in China conditions which intimately affected the rights, prospects and liberty of action of China herself.

It appeared, therefore, that the Chinese Government has an equitable right to be consulted in all agreements which deal with or pretend to deal with the general situation in the Far East, including China. Even if such treaties should be animated by an entirely friendly spirit toward China, yet their bearing is such that they may involve consequences which would impose

limitations on Chinese freedom of action, and even such treaties therefore should not be made without consultation with China.

### B. MR. BALFOUR'S OBSERVATIONS AT THE SAME MEETING

One of the most important passages in Mr. Koo's speech had referred to spheres of influence. So far as Great Britain was concerned, spheres of influence were a thing of the past. . . . How did spheres of influence come into existence? Because at a certain period of Russian and German aggression in China, other Powers, in order to prevent China from being cut up before their eyes, had to do for each other what China could not do for herself. In China's interest, as well as their own, they had to guard against their exclusion from legitimate opportunities of enterprise. This was due not so much to their own policy as to China's want of policy; not in consequence of their own strength, but of China's weakness.

Mr. Balfour thought it was the hope of all those present to place China in a position to defend her interests, to protect her neutrality, and no longer to be the prey of acquisitive powers. He did not think that this end was likely to be obtained by adopting the broad principle proposed by the Chinese delegation, but rather by dealing with the difficulties that beset China one by one, as the committee was actually doing. . . . He could not see that the position was helped by this principle, which went a good deal beyond any existing principle of international law. He could not believe that the Powers would accept it, more especially as China was not in possession of material forces to enable her to carry out any policy outside her own frontiers. . . . Translated into international language, this [Dr. Koo's proposal] would prevent France and Belgium from entering into a defensive treaty of any kind without consulting Germany. All agreed that treaties had been entered into not only in regard to China, but also in regard to other nations, which reflected no credit on those who had concluded them. For this evil the great remedy was publicity. Most of the nations represented at this Conference were members of the League of Nations, and were bound to register their trea-

ties with the League. The United States was not a member of the League of Nations, but its Constitution necessitated wide publicity in regard to treaties. That was the real protection for China. The whole world would become the judge of future treaties.

### C. MR. HUGHES' STATEMENT AT THE SAME MEETING

The Chairman, Mr. Hughes, desired to offer a few suggestions in order to find a point upon which the committee might agree. . . . The committee had agreed in the second paragraph of the Root resolution "to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government"; that was not only a pledge, but, he believed, a recognition of the fundamental fact that China alone could develop and maintain an effective and stable government. This could not be done by others—China must do it herself, but other Governments could afford her the opportunity and possibility of doing so. But there must be patience; development in China is an age-long process. The hurrying peoples must be patient, for the matter could never be worked out by coercion or by rousing the passive resistance of the Chinese people against interference in their public affairs. There was no wish to interfere while waiting, but there was a wish to aid. This, he said, was the spirit of the Conference. The Powers concerned were most anxious to help and to assist this legitimate aspiration. And the opportunity was one which could not be conserved by any action that took advantage of China's plight. It had been agreed, he said, to respect the integrity and sovereignty of China, and this naturally implied agreement by China to respect the integrity of other Powers. Each Power should be free to make the agreements necessary for the preservation of its proper interests; any general proposition going so far as to derogate or limit the right to make agreements relative to fundamental legitimate interests would be one not easily defended. . . . There might be treaties affecting China not adverse to China, but it could be said that there would be no secret agreements. More than that could be done, however; there could be recorded an expression of a desire

to be helpful to China in the preservation of the legitimate field of her administrative autonomy, and a reassertion, in connection with Paragraph I of the Root resolution, of the determination to do nothing in derogation of the sovereignty, independence and territorial and administrative integrity of China. . . . If there were embodied in the resolution relating to treaties the principles underlying the Chinese proposal, and an expression of the intention to do nothing in derogation of those principles, and to make no treaties or engagements in derogation of the sovereignty and administrative integrity of China, all that China desired would be attained.

D. RESOLUTION ADOPTED

That the Powers attending this Conference, hereinafter mentioned, to wit, the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal, declare that it is their intention not to enter into any treaty, agreement, arrangement, or understanding, either with one another or individually or collectively with any Power or Powers, which would infringe or impair the principles which have been declared by the resolution adopted Nov. 21 by this committee (i.e., the Root resolution).

## Appendix XII

# CHINESE RAILWAYS

### A. HUGHES RESOLUTION FOR THE UNIFICATION OF THE CHINESE RAILWAYS, ADOPTED BY THE CONFERENCE, FEBRUARY 1, 1922

The Powers represented in this Conference record their hope that, to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be so conducted as to enable the Chinese Government to effect the unification of railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system.

### B. CHINESE DELEGATION'S STATEMENT CONCERNING THE HUGHES RESOLUTION BEFORE THE FAR EASTERN COMMITTEE, NOVEMBER 19, 1921

"The Chinese delegation notes with sympathetic appreciation the expression of the hope of the Powers that the existing and future railways of China may be unified under the control and operation of the Chinese Government with such foreign financial and technical assistance as may be needed. It is our intention as speedily as possible to bring about this result. It is our purpose to develop existing and future railways in accordance with a general program that will meet the economic, industrial and commercial requirements of China. It will be our policy to obtain such foreign financial and technical assistance as may be needed from the Powers in accordance with the principles of the open door or equal opportunity; and the friendly support of these Powers will be asked for the effort of the Chinese Government to bring all the railways of

China now existing, or to be built, under its effective and unified control and operation."

## C. RESOLUTIONS ON CHINESE EASTERN RAILWAY

[NOTE:—Properly speaking, these resolutions should be regarded as resolutions on the Siberian or Russian question. This railway is Russian property which the Powers have obligated themselves to safeguard in the interest of Russia until she shall have established a stable government capable of taking care of her interests in the Far East.—THE AUTHOR.]

### a. ADOPTED BY THE CONFERENCE, FEBRUARY 4, 1922

Resolved, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use, a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.

That the subject should immediately be dealt with through the proper diplomatic channels.

### b. ADOPTED BY THE CONFERENCE, EXCEPT CHINA, FEBRUARY 4, 1922

The Powers other than China, in agreeing to the resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or nonperformance of the obligations toward the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built, and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad.

## Appendix XIII

## SIBERIA

### A. BARON SHIDEHARA'S STATEMENT BEFORE THE FAR EASTERN COMMITTEE, JANUARY 23, 1922

"The military expedition of Japan to Siberia was originally undertaken in common accord and in cooperation with the United States in 1918. It was primarily intended to render assistance to the Czecho-Slovak troops who, in their homeward journey across Siberia from European Russia, found themselves in grave and pressing danger at the hands of hostile forces under German command. The Japanese and American expeditionary forces, together with other allied troops, fought their way from Vladivostok far into the region of the Amur and the Trans-Baikal Provinces to protect the railway lines which afforded the sole means of transportation of the Czecho-Slovak troops from the interior of Siberia to the port of Vladivostok. Difficulties which the allied forces had to encounter in their operations in the severe cold weather of Siberia were immense.

"In January, 1920, the United States decided to terminate its military undertaking in Siberia, and ordered the withdrawal of its forces. For some time thereafter Japanese troops continued alone to carry out the duty of guarding several points along the Trans-Siberian Railways in fulfillment of inter-allied arrangements and of affording facilities to the returning Czecho-Slovaks.

"The last column of Czecho-Slovak troops safely embarked from Vladivostok in September, 1920. Ever since then, Japan has been looking forward to an early moment for the withdrawal of her troops from Siberia. The maintenance of such troops in a foreign land is for her a costly and thankless undertaking, and she will be only too happy to be relieved of such

responsibility. In fact, the evacuation of the Trans-Baikal and Amur Provinces was already completed in 1920. The only region which now remains to be evacuated is a southern portion of Maritime Province around Vladivostok and Nikolsk.

"It will be appreciated that for Japan the question of the withdrawal of troops from Siberia is not quite as simple as it was for other allied Powers. In the first place, there is a considerable number of Japanese residents who had lawfully and under guarantees of treaty established themselves in Siberia long before the Bolshevik eruption, and were there entirely welcome. In 1917, prior to the joint American-Japanese military enterprise, the number of such residents was already no less than 9,717. In the actual situation prevailing there, those Japanese residents can hardly be expected to look for the protection of their lives and property to any other authorities than Japanese. Whatever districts those troops have evacuated in the past have fallen into disorder, and practically all Japanese residents have had precipitately to withdraw, to seek for their personal safety. In so withdawing they have been obliged to leave behind large portions of their property, abandoned and unprotected, and their homes and places of business have been destroyed. While the hardships and losses thus caused the Japanese in the Trans-Baikal and Amur Provinces have been serious enough, more extensive damages are likely to follow from the evacuation of Vladivostok in which a larger number of Japanese have always been resident and a greater amount of Japanese capital invested.

"There is another difficulty by which Japan is faced in proceeding to the recall of her troops from Maritime Province. Due to geographical propinquity, the general situation in the districts around Vladivostok and Nikolsk are found to affect the security of the Korean frontier. In particular, it is known that these districts have long been the base of Korean conspiracies against Japan. Those hostile Koreans, joining hands with lawless elements in Russia, attempted in 1920 to invade Korea through the Chinese territory of Chientao. They set fire to the Japanese consulate at Hunchun and committed indiscriminate acts of murder and pillage. At the present time,

they are under the effective control of Japanese troops stationed in Maritime Province, but they will no doubt renew the attempt to penetrate into Korea at the first favorable opportunity that may present itself.

"Having regard to those considerations, the Japanese Government have felt bound to exercise precaution in carrying out the contemplated evacuation of Maritime Province. Should they take hasty action without adequate provision for the future, they would be delinquent in their duty of affording protection to a large number of their nationals resident in the districts in question and of maintaining order and security in Korea.

"It should be made clear that no part of Maritime Province is under Japan's military occupation. Japanese troops are still stationed in the southern portion of that Province, but they have not set up any civil or military administration to displace local authorities. Their activity is confined to measures of self-protection against the menace to their own safety and to the safety of their country and nationals. They are not in occupation of those districts any more than American or other allied troops could be said to have been in occupation of the places in which they were formerly stationed.

"The Japanese Government are anxious to see an orderly and stable authority speedily re-established in the Far Eastern possessions of Russia. It was in this spirit that they manifested a keen interest in the patriotic but ill-fated struggle of Admiral Kolchak. They have shown readiness to lend their good offices for promoting the reconciliation of various political groups in Eastern Siberia. But they have carefully refrained from supporting one faction against another. It will be recalled, for instance, that they withheld all assistance from General Rozanov against the revolutionary movements which led to his overthrow in January, 1920. They maintained an attitude of strict neutrality and refused to interfere in these movements, which it would have been quite easy for them to suppress if they had so desired.

"In relation to this policy of non-intervention, it may be useful to refer briefly to the past relations between the Japa-

nese authorities and Ataman Semenoff, which seem to have been a source of popular misgiving and speculation. It will be remembered that the growing rapprochement between the Germans and the Bolshevist Government in Russia in the early part of 1918 naturally gave rise to apprehensions in the allied countries that a considerable quantity of munitions supplied by those countries, and stored in Vladivostok, might be removed by the Bolsheviki to European Russia for the use of the Germans. Ataman Semenoff was then in Siberia, and was organizing a movement to check such Bolshevist activities and to preserve order and stability in that region. It was in this situation that Japan, as well as some of the Allies, began to give support to the Cossack chief. After a few months such support by the other Powers was discontinued. But the Japanese were reluctant to abandon their friend, whose efforts in the allied cause they had originally encouraged, and they maintained for some time their connection with Ataman Semenoff. They had, however, no intention whatever of interfering in the domestic affairs of Russia, and when it was found that the assistance rendered to Ataman Semenoff was likely to complicate the internal situation in Siberia, they terminated all relations with him, and no support of any kind has since been extended to him by the Japanese authorities.

"The Japanese Government are now seriously considering plans which would justify them in carrying out their decision of the complete withdrawal of Japanese troops from Maritime Province, with reasonable precaution for the security of Japanese residents and of the Korean frontier regions. It is for this purpose that negotiations were opened some time ago at Dairen between the Japanese representatives and the agents of the Chita Government.

"Those negotiations at Dairen are in no way intended to secure for Japan any right or advantage of an exclusive nature. They have been solely actuated by a desire to adjust some of the more pressing questions with which Japan is confronted in relation to Siberia. They have essentially in view the conclusion of provisional commercial arrangements, the removal of the existing menace to the security of Japan and to the

lives and property of Japanese residents in Eastern Siberia, the provision of guarantees for the freedom of lawful undertakings in that region, and the prohibition of Bolshevist propaganda over the Siberian border. Should adequate provisions be arranged on the line indicated, the Japanese Government will at once proceed to the complete withdrawal of Japanese troops from Maritime Province.

"The occupation of certain points in the Russian province of Sakhalin* is wholly different, both in nature and in origin, from the stationing of troops in Maritime Province. History affords few instances similar to the incident of 1920 at Nikolaievsk, where more than 700 Japanese, including women and children, as well as the duly recognized Japanese Consul and his family and his official staff, were cruelly tortured and massacred. No nation worthy of respect will possibly remain forbearing under such a strain of provocation. Nor was it possible for the Japanese Government to disregard the just popular indignation aroused in Japan by the incident. Under the actual condition of things, Japan found no alternative but to occupy, as a measure of reprisal, certain points in the Russian Province of Sakhalin in which the outrage was committed, pending the establishment in Russia of a responsible authority with whom she can communicate in order to obtain due satisfaction.

"Nothing is further from the thought of the Japanese Government than to take advantage of the present helpless condition of Russia for prosecution of selfish designs. Japan recalls with deep gratitude and appreciation the brilliant rôle which Russia played in the interest of civilization during the earlier stage of the Great War. The Japanese people have shown and will continue to show every sympathetic interest in the efforts of patriotic Russians aspiring to the unity and rehabilitation of their country. The military occupation of the Russian province of Sakhalin is only a temporary measure, and will naturally come to an end as soon as a satisfactory settlement of the question shall have been arranged with an orderly Russian Government.

"In conclusion, the Japanese delegation is authorized to

*This is frequently spelled Saghalien.

declare that it is the fixed and settled policy of Japan to respect the territorial integrity of Russia and to observe the principle of non-intervention in the internal affairs of the country, as well as the principle of equal opportunity for the commerce and industry of all nations in every part of the Russian possessions."

### B. MR. HUGHES' STATEMENT BEFORE THE FAR EASTERN COMMITTEE, JANUARY 24, 1922

"The American delegation has heard the statement by Baron Shidehara and has taken note of the assurance given on behalf of the Japanese Government with respect to the withdrawal of Japanese troops from Maritime Province of Siberia and from the Province of Sakhalin. The American delegation has also noted the assurance of Japan by her authorized spokesman that it is her fixed and settled policy to respect the territorial integrity of Russia, and to observe the principle of non-intervention in the internal affairs of that country, as well as the principle of equal opportunity for the commerce and industry of all nations in every part of the Russian possessions.

"These assurances are taken to mean that Japan does not seek, through her military operation in Siberia, to impair the rights of the Russian people in any respect, or to obtain any unfair commercial advantages, or to absorb for her own use the Siberian fisheries, or to set up an exclusive exploitation either of the resources of Sakhalin or of Maritime Province.

"As Baron Shidehara pointed out, the military expedition of Japan to Siberia was originally undertaken in common accord and in cooperation with the United States. It will be recalled that public assurances were given at the outset by both Governments of a firm intention to respect the territorial integrity of Russia and to abstain from all interference in Russian internal politics. In view of the reference by Baron Shidehara to the participation of the American Government in the expedition of 1918, I should like to place upon our records for transmission to the Conference the purposes which were then clearly stated by both Governments.

"The American Government set forth its aims and policies publicly in July, 1918. The purposes of the expedition were

said to be, first, to help the Czecho-Slovaks consolidate their forces; second, to steady any efforts at self-government or self-defense in which the Russians themselves might be willing to accept assistance; and, third, to guard the military stores at Vladivostok.

"The American Government opposed the idea of a military intervention, but regarded military action as admissible at the time solely for the purpose of helping the Czecho-Slovaks consolidate their forces and get into successful cooperation with their Slavic kinsmen, and to steady any efforts at self-government or self-defense in which the Russians themselves might be willing to accept assistance. It was stated that the American Government proposed to ask all associated in this course of action to unite in assuring the people of Russia in the most public and solemn manner that none of the Governments uniting in action either in Siberia or in Northern Russia contemplated any interference of any kind with the political sovereignty of Russia, any intervention in her internal affairs, or any impairment of her territorial integrity, either now or thereafter, but that each of the associated Powers had the single object of affording such aid as should be acceptable, and only such aid as should be acceptable to the Russian people in their endeavor to regain control of their affairs, their own territory and their own destiny.

"What I have just stated is found in the public statement of the American Government at that time.

"The Japanese Government, with the same purpose, set forth its position in a statement published by the Japanese Government on Aug. 2, 1918, in which it was said:

" 'The Japanese Government, being anxious to fall in with the desires of the American Government and also to act in harmony with the Allies in this expedition, have decided to proceed at once to dispatch suitable forces for the proposed mission. A certain number of these troops will be sent forthwith to Vladivostok. In adopting this course, the Japanese Government remain unshaken in their constant desire to promote relations of enduring friendship with Russia and the Russian people, and reaffirm their avowed policy of respecting

the territorial integrity of Russia and of abstaining from all interference in her internal politics. They further declare that, upon the realization of the projects above indicated, they will immediately withdraw all Japanese troops from Russian territory and will leave wholly unimpaired the sovereignty of Russia in all its phases, whether political or military.'

"The United States of America withdrew its troops from Siberia in the Spring of 1920 because it considered that the original purposes of the expedition had either been accomplished or would no longer be subserved by continued military activity in Siberia. The American Government then ceased to be a party to the expedition, but it remained a close observer of events in Eastern Siberia and has had an extended diplomatic correspondence upon this subject with the Government of Japan.

"It must be frankly avowed that this correspondence has not always disclosed an identity of views between the two Governments. The United States has not been unmindful of the direct exposure of Japan to Bolshevism in Siberia and the special problems which the conditions existing there have created for the Japanese Government, but it has been strongly disposed to the belief that the public assurances given by the two Governments at the inception of the joint expedition nevertheless required the complete withdrawal of Japanese troops from all Russian territory—if not immediately after the departure of the Czecho-Slovak troops, then within a reasonable time.

"As to the occupation of Sakhalin in reprisal for the massacre of the Japanese at Nikolaievsk, the United States was not unimpressed by the serious character of that catastrophe; but, having in mind the conditions accepted by both Governments at the outset of the joint expedition, of which the Nikolaievsk massacre must be considered an incident, it has regretted that Japan should deem necessary the occupation of Russian territory as a means of assuring a suitable adjustment with a future Russian Government.

"The general position of the American Government was set

forth in a communication to Japan of May 31, 1921. In that communication appears the following statement:

" 'The Government of the United States would be untrue to the spirit of cooperation which led it, in the summer of 1918, upon an understanding with the Government of Japan, to dispatch troops to Siberia, if it neglected to point out that, in its view, continued occupation of the strategic centres in Eastern Siberia—involving the indefinite possession of the Port of Vladivostok, the stationing of troops at Habarovsk, Nikolaievsk, De Castries, Mago, Sophiesk, and other important points, the seizure of the Russian portion of Sakhalin, and the establishment of a civil administration, which inevitably lends itself to misconception and antagonism—tends rather to increase than to allay the unrest and disorder in that region.'

" 'The military occupation in reprisal for the Nikolaievsk affair is not fundamentally a question of the validity of procedure under the recognized rules of international law.'

" 'The issue presented is that of the scrupulous fulfillment of the assurances given to the Russian people, which were a matter of frank exchanges and of apparently complete understanding between the Government of the United States and of Japan. These assurances were intended by the Government of the United States to convey to the people of Russia a promise on the part of the two Governments not to use the joint expedition, or any incidents which might arise out of it, as an occasion to occupy territory, even temporarily, or to assume any military or administrative control over the people of Siberia.'

"Further, in the same note, the American Government stated its position as follows:

" 'In view of its conviction that the course followed by the Government of Japan brings into question the very definite understanding concluded at the time troops were sent to Siberia, the Government of the United States must in candor explain its position and say to the Japanese Government that the Government of the United States can neither now nor hereafter recognize as valid any claims or titles arising out of the present occupation and control, and that it cannot acquiesce

in any action taken by the Government of Japan, which might impair existing treaty rights or the political or territorial integrity of Russia.

" 'The Government of Japan will appreciate that, in expressing its views, the Government of the United States has no desire to impute to the Government of Japan motives or purposes other than those which have heretofore been so frankly avowed. The purpose of this Government is to inform the Japanese Government of its own conviction that, in the present time of disorder in Russia, it is more than ever the duty of those who look forward to the tranquillization of the Russian people and a restoration of normal conditions among them, to avoid all action which might keep alive their antagonism and distrust toward outside political agencies. Now, especially, it is incumbent upon the friends of Russia to hold aloof from the domestic contentions of the Russian people, to be scrupulous to avoid inflicting what might appear to them a vicarious penalty for sporadic acts of lawlessness, and above all, to abstain from even the temporary and conditional impairment by any foreign Power of the territorial status which, for them as for other peoples, is a matter of deep and sensitive national feeling, transcending perhaps even the issues at stake among themselves.'

"To that American note the Japanese Government replied in July, 1921, setting forth in substance what Baron Shidehara has now stated to this Committee, pointing out the conditions under which Japan had taken the action to which reference was made, and giving the assurances, which have here been reiterated, with respect to its intention and policy.

"While the discussion of these matters has been attended with the friendliest feeling, it has naturally been the constant and earnest hope of the American Government—and of Japan as well, I am sure—that this occasion for divergence of views between the two Governments might be removed with the least possible delay. It has been with a feeling of special gratification, therefore, that the American delegation has listened to the assurances given by their Japanese colleague, and it is with the greatest friendliness that they reiterate the hope

that Japan will find it possible to carry out within the near future her expressed intention of terminating finally the Siberian expedition and of restoring Sakhalin to the Russian people.

"My suggestion would be, if it is not desired otherwise by the delegates, that the statement made on behalf of the Japanese Government by Baron Shidehara and the one that I have made setting forth the position of the American Government, which is as stated in its communication of May 31, 1921, which I have read, should be communicated to the Conference for the purpose of being spread upon its records.

"I suggest the adoption of the following resolution:

"Resolved, that the statements by the Japanese and American delegations in respect to the presence of foreign troops in Siberia be reported to the Conference at its next plenary session to be spread upon its records."

## Appendix XIV

## BARON SHIDEHARA'S STATEMENT, DEFINING JAPAN'S ATTITUDE TOWARDS CHINA, AT THE FINAL PLENARY SESSION, FEBRUARY 4, 1922

"We have listened with great emotion to the report made by the Chairman upon the final outcome of the labors of the Committee on Pacific and Far Eastern questions, and of the Committee on Naval Matters. The task imposed upon these Committees has by no means been easy or simple. Unanimity of views could hardly be expected on all questions submitted for consideration. But after numerous sessions, one broad fact has been brought markedly to the fore. It has been found that all differences of opinion which have divided such Committees relate, not so much to the ultimate purposes of the nations represented here, as to the means by which such purposes are to be attained. It has been found that we are all striving for the same goal of life. That goal is now perceptibly within sight.

"Take, for instance, the Chinese problem, which it was often asserted, would one day lead to worldwide conflagration. What has the Conference revealed? No sooner had Mr. Root formulated and proposed the four great rules of international conduct with regard to China, than those proposals found a ready and whole-hearted approval on all sides. They laid the foundation of the work of the delegations—and of friendly understandings among nations.

"No one denies to China her sacred right to govern herself. No one stands in the way of China working out her own great national destiny. No one has come to the Conference with any plan of seeking anything at the expense of China.

On the contrary, every participating nation has shown readiness at all times to help China out of her present difficulties.

"Japan believes that she has made to China every possible concession, consistent with the sense of reason, fairness and honor. She does not regret it. She rejoices in the thought that the sacrifice which she has offered will not be in vain, in the greater cause of international friendship and good will.

"We are vitally interested in a speedy establishment of peace and unity in China, and in the economic development of her vast natural resources. It is, indeed, to the Asiatic mainland that we must look primarily for raw materials and for the markets where our manufactured articles may be sold. Neither raw materials nor the markets can be had, unless order, happiness, and prosperity reign in China under good and stable government. With hundreds of thousands of our nationals resident in China, with enormous amounts of our capital invested there, and with our own national existence largely dependent on that of our neighbor, we are naturally interested in that country to a greater extent than any of the countries remotely situated.

"To say that Japan has special interests in China, is simply to state a plain and actual fact. It intimates no claim or pretension of any kind prejudicial to China or to any other nation.

"Nor are we actuated by any intention of securing preferential or exclusive economic rights in China. Why should we need them? Why should we be afraid of foreign competition in the Chinese market, provided it is conducted squarely and honestly? Favored by geographical position, and having fair knowledge of the actual requirements of the Chinese people, our traders and business men can well take care of themselves in their commercial, industrial, or financial activity in China without any preferential or exclusive rights. We do not seek any inch of territory in China. But we do seek a field of economic activity, beneficial as much to China as to Japan, based always on the principle of the open door and equal opportunity.

"We came to Washington with full confidence in the future

of international relations. We are now departing with reassured confidence. We knew that the Conference would do good; and it has done good. Competition in naval armament, ruinous to national welfare and harmful to international peace, is now a matter of the past. The relief from tension is provided by the agreements reached by the Conference for the limitation of naval armament, for the suppression of the brutal practices of warfare, and for the definition of a policy on matters relating to China. The Conference has also given occasion to the Powers directly interested to conclude the Pacific Treaty, and to adjust the difficult question of the Pacific mandates and the still more difficult question of Shantung.

"In arriving at this happy result, we are under everlasting debt to the President of the United States, at whose gracious initiative the Conference was convoked. We feel no less grateful to our trusted Chairman, to whose able leadership the success of our work is largely due. Permit me further to express, on behalf of the Japanese delegation, our sincere appreciation of the unfailing spirit of generosity, of conciliation, and of ready co-operation shown by all of our colleagues and friends around this table.

"Freed from suspicion by frankness, assured of peace by good will, we may devoutly give thanks for the opportunity given by the Washington Conference, which, we believe, ushers into a troubled world a new spirit of international friendship and good understanding."

## Appendix XV

## THE YAP TREATY, SIGNED FEBRUARY 11, 1922

Considering that by Article 119 of the Treaty of Versailles, signed on June 28, 1919, Germany renounced in favor of the Powers described in that Treaty as the Principal Allied and Associated Powers, to wit, the United States of America, the British Empire, France, Italy and Japan, all her rights and titles over her oversea possessions;

Considering that the benefits accruing to the United States under the aforesaid Article 119 of the Treaty of Versailles were confirmed by the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations;

Considering that the said four Powers, to wit, the British Empire, France, Italy and Japan, have agreed to confer upon His Majesty the Emperor of Japan a Mandate, pursuant to the Treaty of Versailles, to administer the groups of the former German islands in the Pacific Ocean lying north of the Equator, in accordance with the following provisions:

> "*Article 1.* The islands over which a Mandate is conferred upon His Majesty the Emperor of Japan (hereinafter called the Mandatory) comprise all the former German islands situated in the Pacific Ocean and lying north of the Equator.
>
> "*Article 2.* The Mandatory shall have full power of administration and legislation over the territory subject to the present Mandate as an integral portion of the Empire of Japan, and may apply the laws of the Empire of Japan to the territory, subject to such local modifications as circumstances may require. The Mandatory shall promote to the utmost the material and

moral well-being and the social progress of the inhabitants of the territory subject to the present Mandate.

*Article 3.* The Mandatory shall see that the slave trade is prohibited and that no forced labour is permitted, except for essential public works and services, and then only for adequate remuneration. The Mandatory shall also see that the traffic in arms and ammunition is controlled in accordance with principles analogous to those laid down in the Convention relating to the control of the arms traffic, signed on September 10th, 1919, or in any convention amending same. The supply of intoxicating spirits and beverages to the natives shall be prohibited.

"*Article 4.* The military training of the natives, otherwise than for purposes of internal police and the local defence of the territory, shall be prohibited. Furthermore, no military or naval bases shall be established or fortifications erected in the territory.

"*Article* 5. Subject to the provisions of any local law for the maintenance of public order and public morals, the Mandatory shall insure in the territory freedom of conscience and the free exercise of all forms of worship, and shall allow all missionaries, nationals of any State, Member of the League of Nations, to enter into, travel, and reside in the territory for the purpose of prosecuting their calling.

*Article 6.* The Mandatory shall make to the Council of the League of Nations an annual report to the satisfaction of the Council, containing full information with regard to the territory, and indicating the measures taken to carry out the obligations assumed under Articles 2, 3, 4 and 5.

"*Article 7.* The consent of the Council of the League of Nations is required for any modification of the terms of the present mandate. The Mandatory

agrees that, if any dispute whatever should arise between the Mandatory and another member of the League of Nations relating to the interpretation or the application of the provisions of the Mandate, such dispute, if it cannot be settled by negotiation, shall be submitted to the Permanent Court of International Justice provided for by Article 14 of the Covenant of the League of Nations."

Considering that the United States did not ratify the Treaty of Versailles and did not participate in the agreement respecting the aforesaid Mandate;

Desiring to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid islands, and in particular the Island of Yap, have resolved to conclude a Convention for that purpose and to that end have named as their plenipotentiaries:

His Majesty the Emperor of Japan: Baron Kijuro Shidehara, His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington; and

The President of the United States of America: Charles Evans Hughes, Secretary of State of the United States;

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

*Article I*

Subject to the provisions of the present Convention, the United States consents to the administration by Japan, pursuant to the aforesaid Mandate, of all the former German islands in the Pacific Ocean, lying north of the Equator.

*Article II*

The United States and its nationals shall receive all the benefits of the engagements of Japan, defined in Articles 3, 4 and 5 of the aforesaid Mandate, notwithstanding the fact that the United States is not a Member of the League of Nations.

It is further agreed between the High Contracting Parties, as follows:

(1) Japan shall insure in the islands complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality; American missionaries of all such religions shall be free to enter the islands and to travel and reside therein, to acquire and possess property, to erect religious buildings and to open schools throughout the islands; it being understood, however, that Japan shall have the right to exercise such control as may be necessary for the maintenance of public order and good government and to take all measures required for such control.

(2) Vested American property rights in the mandated islands shall be respected and in no way impaired;

(3) Existing treaties between the United States and Japan shall be applicable to the mandated islands;

(4) Japan will address to the United States a duplicate of the annual report on the administration of the mandate to be made by Japan to the Council of the League of Nations.

(5) Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the Mandate as recited in the Convention, unless such modification shall have been expressly assented to by the United States.

*Article III*

The United States and its nationals shall have free access to the Island of Yap on a footing of entire equality with Japan or any other nation and their respective nationals in all that relates to the landing and operation of the existing Yap-Guam cable or of any cable which may hereafter be laid or operated by the United States or by its nationals connecting with the Island of Yap.

The rights and privileges embraced by the preceding paragraph shall also be accorded to the Government of the United States and its nationals with respect to radio-telegraphic communication; provided, however, that so long as the Government of Japan shall maintain on the Island of Yap an adequate radio-telegraphic station, cooperating effectively with the cables and with other radio stations on ships or on shore, without discriminatory exactions or preferences, the exercise of the right

to establish radio-telegraphic stations on the Island by the United States or its nationals shall be suspended.

*Article IV*

In connection with the rights embraced by Article III, specific rights, privileges, and exemptions, in so far as they relate to electrical communications, shall be enjoyed in the Island of Yap by the United States and its nationals in terms as follows:

(1) Nationals of the United States shall have the unrestricted right to reside in the Island, and the United States and its nationals shall have the right to acquire and hold on a footing of entire equality with Japan or any other nation or their respective nationals all kinds of property and interests, both personal and real, including lands, buildings, residences, offices, works and appurtenances.

(2) Nationals of the United States shall not be obliged to obtain any permit or license in order to be entitled to land and operate cables on the Island, or to establish radio-telegraphic service, subject to the provisions of Article III, or to enjoy any of the rights and privileges embraced by this Article and by Article III.

(3) No censorship or supervision shall be exercised over cable or radio messages or operations.

(4) Nationals of the United States shall have complete freedom of entry and exit in the Island for their persons and property.

(5) No taxes, port, harbor, or landing charges or exactions of any nature whatsoever, shall be levied either with respect to the operation of cables or radio stations, or with respect to property, persons or vessels.

(6) No discriminatory police regulations shall be enforced.

(7) The Government of Japan will exercise its power of expropriation in the Island to secure to the United States or its nationals needed property and facilities for the purpose of electrical communications if such property or facilities cannot otherwise be obtained.

It is understood that the location and the area of land so

to be expropriated shall be arranged between the two Governments according to the requirements of each case. Property of the United States or of its nationals and facilities for the purpose of electrical communication in the Island shall not be subject to expropriation.

*Article V*

The present Convention shall be ratified by the High Contracting Parties in accordance with their respective constitutions. The ratifications of this Convention shall be exchanged in Washington as soon as practicable, and it shall take effect on the date of the exchange of the ratifications.

# INDEX

America: War with Japan, 18-20; American trade in China and Korea, 163-165; American cotton trade in Manchuria, 173; American railway enterprises in China, 211-212; American expansion, 228; annexation of Hawaii, 229; attitude towards Kolchak, 236; towards Siberia, 246, 247, as stated by Mr. Hughes, 359-364; American withdrawal from Siberia, 250, 251; American Siberian policy criticised by Siberian Russians, 252; interest in Siberian railway, 261; interest in Manchurian railway, 262.
American International Corporation: 134, 211.
Anglo-Japanese Alliance: First treaty, 43; second treaty, 44; American interest in, 45; third alliance, 46; its recent unpopularity in Japan and England, 47; India and alliance, 53; New Zealand and Australia on alliance, 54; Chinese objection to, 74.

Balfour, Arthur J., British delegate to Washington Conference: Proposes plan for restricting Pacific naval bases, 38; proposes to include Japan proper in Pacific Treaty, 67; on British leaseholds in China, 146, 327; on listing foreign obligations of China, 154; his good offices concerning Shantung controversy, 196; on treaties affecting China, 349.
Bland, J. O. P.: On China, 81; On factional feuds in China, 117.
Bliss, General Tasker Howard: On international fear of armaments, 20.
Bolsheviki: Japan's attitude towards, 244, 251; American attitude, 250.
Bonin Islands: Distance from Japan, 36; affecting naval treaty, 37.

California question: Influence on Anglo-Japanese alliance, 45.
Chang Tsolin, General, 103, 114.
Cheng, S. G.: On Chinese customs system, 93, 94; on Chinese railways, 208.
China: Her program at Washington Conference, 73 *et seq.;* her people indifferent to Washington Conference, 76; her chaotic finances, 82 *et seq.;* Japan's interest in China's finances, 82-83; national loans of, 86; revenue and expenditure, 87; customs tariff, 91 *et seq.;* 311, 313; extraterritoriality in, 97 *et seq.;* 318-322; instances of recent internal disorder, 100-102; politico-military factions in, 103 *et seq.;* factional feuds in, 114 *et seq.;* resolution of Washington Conference on military expenditure of, 120; what Washington Conference did for, 123; foreign concessions in, 149-150; foreign leased territories in, 324-329; new diplomacy in, 151 *et seq.;* International Consortium for, 157 *et seq.;* Japan's "twenty-one demands" on, 176-186; policy as to Shantung question, 192-195; foreign control of railways in, 206 *et seq.,* 352; foreign

railway loans for, 212-215; foreign radio stations in, 284, 345-347; foreign troops in, 287, 330-337; foreign post offices in, 288, 339-344; "Open door" in, 300-311.
*China Year Book:* Quoted on Chinese finances, 83, 86.
Chinese delegation at Washington Conference: Proposal of, 73; text of same, 77-79; on tariff revision, 91, 94, 311; its attitude criticised, 119 *et seq.;* its conduct of Shantung negotiations, 200; its victory concerning Shantung, 216; statement on "twenty-one demands," 293; on extraterritoriality in China, 318-322; on foreign troops in China, 330; on foreign post offices in China, 338; on foreign radio stations, 345; on railways in China, 352.
Chita, representing Far Eastern Republic of Siberia: Its forces in Mongolia, 143; delegation to Washington, 234; organization of its government, 235; Dairen conference between Chita and Tokyo, 239, 242, 357; Japan's proposal to Chita, 239; note to American government, 249.
Continental and Commercial Bank of Chicago: Chinese loan from, 90.

Dairen: 167, 177, 184, 239, 242, 357.

Eastern Chinese Railway: Control by China, 241, 267; Washington Conference on, 263; effect of interallied expedition in Siberia, 265, 266; inefficiency of Chinese management, 268; resolutions adopted by Washington Conference on, 358.
Edison, Thomas A.: On Japan and Siberia, 225.
England: Alliance with Japan, 44-46; recent attitude towards alliance, 51; India and England, 53; her Chinese trade, 54; treaty with China, 91 *et seq.;* her sphere of influence in China, 132; interest in Tibet, 143-144; her railway enterprises in China, 209-211; aid to Kolchak, 236.
Extraterritoriality in China: Japan's attitude towards, 98; British Chambers of Commerce in China on, 98-99; China unprepared for abolition of, 126; *Japan Advertiser* on, 127; Chinese contentions on, 318-322.

Ferguson, Dr. John C., 73.
Fortifications and naval bases in the Pacific: Kato approaches Hughes on, 35; original article 19 of naval treaty, 36; Tokyo government seeks alteration of same, 36; Balfour's proposal, 38; Japan concedes on Bonin Islands, 39; final article 19, as adopted by Washington Conference, 38-39.
France: Her interest in Pacific Treaty, 60; her sphere of influence in China, 132; her leased territories in China, 146; her cooperation with Russia in China, 148.

Geddes, Sir Auckland, British delegate to Washington Conference: On Board of Reference for China, 154; text of his resolution on "open door," 302.
Germany: Her sphere of influence in China, 132; her assistance to Russia, 141.
Guam: Distance from Japan, 5; fortifications and naval base, 25, 26.

Hanihara, M., Japanese delegate to Washington Conference: On Pacific Treaty, 61; on leased territories in China, 146; statement on Japanese leaseholds in China, 326; statement on Japanese troops in China, 332-336; letter on Japanese post offices in China, 344.
Han-yeh-ping Company, 179.
Harding, President: His invitation to conference received in Japan, 56; his interpretation of territorial scope of Pacific Treaty, 68.
Hart, Sir Robert, 92.
Hawaii, 18, 36, 229.
Hay, John, American Secretary of State: His open door doctrine, 138, 139, 153.
Hongkong, 147, 149, 328.
Hughes, Charles Evans, American Secretary of State: His dramatic naval proposal, 1 *et seq.;* Japanese attitude towards same, 4, 5, 11, 13, 15; his speech on naval reduction quoted, 7-10; his estimate of naval ratio, 13; his announcement of naval agreement, 28, 31-34; attitude towards naval bases in the Pacific, 35; puzzled by Japanese contention concerning Bonin Islands, 36, 37; his open door resolutions, 138, 145, 156; his influence upon international policy in China, 151 *et seq.;* on "twenty-one demands," 175, 296; his good offices concerning Shantung controversy, 196; on Siberia, 257; text of Hughes resolution on "open door," 300; resolution on listing China's commitments, 306; observations on treaties affecting China, 350; text of Hughes resolution on Chinese railways, 352; statement on Siberia, 359-364.

India, 53.
International Consortium for China, 157 *et seq.;* its definition of Japan's special rights in Manchuria, 159, 187.

James, Edwin L., New York *Times* correspondent: On Chinese policy at Washington Conference, 119.
Japan: Her iron supply, 6, 19; alliance with England, 44-46; fear of isolation, 47; her suspicions of American motives concerning Washington Conference, 56; her interest in China's finances, 83; her troops in China, 110; her sphere of influence in China, 132, 133; her fight against Russia, 141; her special position in China, 156 *et seq.,* 165; in South Manchuria, 159; enjoys no exclusive privileges in Manchuria, 160-162; helps American trade in China, 162-163; her holdings in Manchuria, 166; secret of her commercial success in Manchuria, 171-173; her diplomatic defeat concerning Shantung, 216 *et seq.;* in Siberia, 227 *et seq.;* her "manifest destiny," 229; her area and population compared with those of other countries, 230; her proposal to Chita, 239; attitude towards Siberia, 245, 247; interest in Eastern Chinese Railway, 266, 269; her Siberian policy as stated by Baron Shidehara, 354-359.
Japanese delegation to Washington Conference: Its optimistic attitude, 11; its trust in Mr. Hughes, 15; its resentment of insinuations, 22; its satisfaction with naval agreement, 28; its attitude on naval base question, 36-37; its memorandum on China, 98,

107, 112; attitude towards China, 108 *et seq.*, 365-367; on "twenty-one" demands, 174, 290-292; on Siberia, 242, 354-359.
Japanese press: On naval agreement, 30; on Pacific Treaty, 31.

Kato, Admiral Baron, Japanese delegate to Washington Conference: His speech on Hughes naval program, 11-12; his acceptance of American proposal, 12, 13; his personal view on naval ratio, 25; approaches Hughes on naval bases in Pacific, 35; his embarrassment on naval base question, 37; on Manchuria, 144.
Kaulung peninsula, British leased territory, 146, 147, 150, 327.
Kerensky, 245.
Kiaochow, former German territory, 146, 147, 149, 150, 192, 193, 196, 277, 326.
Kii, Japanese battleship, 5, 9.
Kolchak, Admiral, 236, 253.
Koo, Dr. Wellington, Chinese delegate to Washington Conference: On Chinese customs tariff, 91 *et seq.;* his remarks criticised by Senator Underwood, 122; statement on customs tariff, 311; statement on leased territories, 324; statement on foreign treaties affecting China, 348.
Kwangchow Bay, French leased territory in China, 146, 148, 150.
Kwantung, Japanese leased territory in Manchuria, 146, 166, 167.

Lamont, Thomas, 86, 157.
Lansing, Robert, ex-Secretary of State: As China's adviser, 73; Lansing-Ishii agreement, 156, 158.
League of Nations Covenant, article 10 of, 59.
Leased Territories in China: How they were established, 147; chronology of, 149-150; Mr. Koo's statement on, 324-326.
Li Hung-chang, his intrigue against Japan, 185, 186.
*Likin:* China's obligation to abolish, 95, 125; treaty concerning, 96; *likin* and railways, 201.
Lodge, Senator, announces Pacific Treaty, 59.

Mskino, Baron, statement on Shantung, 192.
Manchuria: Russian encroachment upon, 140 *et seq.;* Japan's special position in, 159 *et seq.;* Japanese holdings in, 166; Russian holdings in, 167; bean industry in, 170 *et seq.;* Japanese enterprise in bean industry, 171; American trade in, 163, 173; with respect to "twenty-one demands," 177, 183.
Morris, Roland S., American ambassador to Tokyo, 236.
Mongolia, 143.
Muravieff, Count, 260.
Mutsu, Japanese dreadnaught, 9, 21, 24, 26, 29, 32.

Nanking Treaty, 91.
Naval ratio: Mr. Hughes' estimate of, 13; Japanese estimate of, 14; naval ratio between Japan and America, 17-20; Japan concedes on ratio, 24, 29; final agreement as announced by Hughes, 31-34.
New Zealand and Australia: On Anglo-Japanese alliance, 54.
Nikolaievsk, massacre of Japanese in, 240, 243, 255, 358, 361.

Open door in China: Secretary Hay on, 139; resolutions adopted by Washington Conference, 145; text of Root resolution on, 300, 301; text of Hughes resolution on, 300; Geddes resolution on, 302; text of Nine-Power treaty on, 302.
Owari, Japanese battleship, 5, 9.

Pacific Treaty: Its influence upon naval ratio, 25; satisfactory to Japanese delegation, 56; its nature and scope, 59-61; text of Pacific Treaty, 63, 64, 67; American reservations, 64-65; Japanese reservation, 67-68; text of Japanese reservation, 69.
Philippines: Distance from Japan, 5; American naval base, 18, 26.
Port Arthur, 166, 167, 184.

Reinsch, Dr. Paul S., 51, 73.
Roosevelt, ex-President: On leadership, 21; on Pacific era, 62.
Root, Elihu: Root-Takahira note, 48-49, 59; Root resolution on "open door," 87, 138, 154; mission to Russia, 264; text of Root resolution on "open door," 300; text of Root resolution on sphere of influence, 301.
Russia: Her influence on Anglo-Japanese alliance, 44-46; war with Japan, 74; her sphere of influence in China, 132; her encroachment on China, 140-141, 149; her intrigue with Li Hung-chang, 185; annexation of Siberia and Chinese territories, 258 *et seq.;* annexation of Japanese island of Saghalien, 261.

Saghalien, island of, 243, 261, 358, 361.
Semenov (or Semenoff), Cossack Ataman, 238, 357.
Scott-Muravieff agreement on China, 150.
Shantung: American trade in, 163; in relation to "twenty-one demands," 175, 176, 183; facts concerning, 192; dealt at Paris Peace Conference, 192, 216; Japan's proposal of September, 1921, 197, 198; Shantung railway, 201-203, 287; Chinese proposal to buy Shantung railway, 205; Japanese proposal concerning railway, 206; terms of settlement of Shantung question, 218-220; text of Versailles treaty on, 274; text of Japanese memorandum on, 275; text of Washington treaty on, 277-282.
Shibusawa, Count: Quoted as to possibility of American-Japanese war, 19.
Shidehara, Ambassador Baron, Japanese delegate to Washington Conference: Alleged to have drafted article 19 of Naval Treaty, 40; alleged author of Pacific Treaty, 61; on Japan's special interest in China, 165; on "twenty-one demands," 174, 290; on Siberian question, 242, 257, 354-359; statement on China's natural resources, 308; statement on Japan's policy in China, 365-367.
Siberia: Thomas Edison on Siberia and Japan, 225; Japan in Siberia, 227 *et seq.;* interallied expedition to, 244 *et seq.;* German and Bolshevik activities in, 245-246; Mr. Wilson's policy in, 245, 246; American withdrawal from, 250; Japanese troops in, 251-252; attitude of Siberians towards America, 253, 254; how Russia absorbed Siberia, 258; Siberian railway and interallied expedition, 165; Baron Shidehara's statement on, 354-359; Mr. Hughes' statement on, 359-364.

Siems-Carey Company of St. Paul, 133, 211.
South Manchuria Railway, 159, 167.
Stead, Alfred, on Anglo-Japanese alliance, 44.
Spheres of influence in China: 132 *et seq.;* German sphere, 133; British, 133; their harmful effect upon American interests, 134; Japanese sphere, 135; Secretary Hay on, 139; Root resolution on, 301.
Stevens, Colonel John F., American railway engineer, 226, 269.
Sun Yat Sen, Dr., 104, 105, 128.
Sze, Alfred, Chinese minister and delegate to Washington Conference: Statement on China's natural resources, 309; statement on foreign troops in China, 330-332; statement on foreign post offices in China, 338-343.

Tibet, British influence in, 143, 144.
"Twenty-one demands": Their injection into Washington Conference, 166; Baron Shidehara on, 174; Japan's concessions concerning, 174, 175; Mr. Hughes on, 175; "group five" of, 176, 180, 182, 183, 291, 292; comparison between original demands and final agreements, 176-181; essence of, 183; text of Baron Shidehara's statement on, 290-292; Mr. Hughes' statement on, 296.

Underwood, Senator, American delegate to Washington Conference; Proposes Chinese tariff revision, 85, 91; his rejoinder to Dr. Koo's remarks on tariff revision, 122.

Viviani, French delegate to Washington Conference: On leased territories in China, 147, 149.
Vladivostok: New government at, 238, 240; fortifications at, 239.

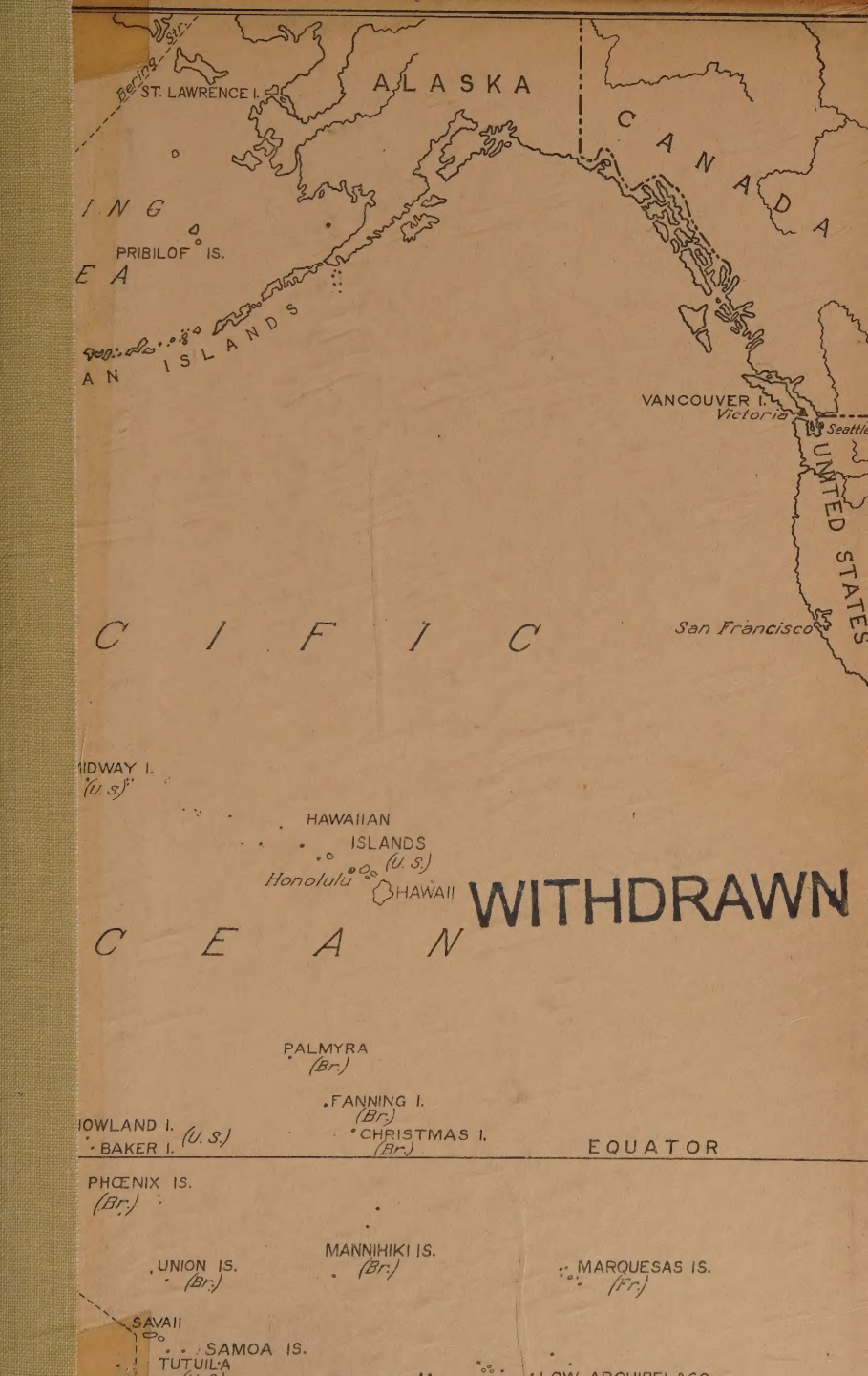
Wang, Dr., former Chief Justice of China, Chinese delegate to Washington Conference: On Shantung settlement, 221; statement on "twenty-one demands," 293-296; statement on extra-territoriality, 318.
Weihaiwei, British leased territory, 146, 149, 328.
Wells, H. G., on Japanese population, 232.
Wilson, ex-President: His Chinese policy, 50; his influence upon international policies in China, 151-152; attitude towards Shantung question, 192, 193; on American annexation of Hawaii, 228; his attitude towards Siberia, 246; statement on Siberian railway, 264.
Wu Peifu, Chinese general, 104, 114.

Yap: In relation to naval bases in Pacific, 26; American-Japanese treaty on, 358-373.
*Yih Shih Pao:* Quoted on Chinese finances, 134.
Younghusband, Colonel, his expedition to Tibet, 143.

De Paul University
CAMPUS LIBRARY

DE PAUL UNIVERSITY LIBRARY
30511000078892

SIBERIA
SEA OF OKHOTSK
SAKHALIN
KAMC
KURIL IS.
JAPAN
MANCHURIA
Blagoveschensk
Kirin
Harbin
Vladivostok
MONGOLIA
Mukden
Newchwang
Dairen
Peking
KOREA
SEA OF JAPAN
YEZO
HONDO
TOKYO
Yokohama
Tientsin
Tsinan
FORT ARTHUR
WEIHAIWEI
KIAOCHOW
SHAN TUNG
YELLOW SEA
CHINA
Nanking
Shanghai
KIUSHIU
Wuchang
Hang-chow
CHINA SEA
LOO-CHOO IS.
EMPIRE
ANSON ARCH
BONIN IS. (Jap.)
Amoy
Canton
Hongkong
FORMOSA
MAGELHAES ARCHIPELAGO
ANAM
SIAM
HAINAN
SOUTH CHINA SEA
LUZON
PHILIPPINE ISLANDS
SAMAR
MINDANAO
LADRONE IS. (Jap.)
GUAM (U.S.)
YAP
CAROLINE ISLANDS (Jap.)
PELEW IS. (Jap.)
SENIA
Singapore
EQUATOR
SUMATRA
BORNEO
CELEBES
MOLUCCA IS.
ADMIRALTY IS.
BISMARK ARCH.
NEW GUINEA
SOL
JAVA
INDIAN OCEAN
TIMOR


ALASKA
CANADA
ST. LAWRENCE I.
PRIBILOF IS.
VANCOUVER I.
Victoria
Seattle
UNITED STATES
San Francisco
MIDWAY I.
(U.S.)
HAWAIIAN
ISLANDS
(U.S.)
Honolulu
HAWAII
WITHDRAWN
PALMYRA
(Br.)
FANNING I.
(Br.)
CHRISTMAS I.
(Br.)
BAKER I.
(U.S.)
EQUATOR
PHŒNIX IS.
(Br.)
MANNIHIKI IS.
(Br.)
UNION IS.
(Br.)
MARQUESAS IS.
(Fr.)
SAMOA IS.
TUTUILA